JPRS 75470

10 April 1980

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 1996

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 75470

10 April 1980

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 1996

CONTENTS PAGE

INTERNATIONAL AFFAIRS

Yugoslav Trade With CEMA Countries, January 1980 (A. Petrovic; PRIVREDNI PREGLED, 20 Feb 80) 1

More Integration of Agricultural Research Sought (Istvan Tamassy; MAGYAR TODOMANY, No 2, 1980) 3

CZECHOSLOVAKIA

January Economic Results Summarized (HOSPODARSKE NOVINY, 29 Feb 80) 13

New Pricing Aimed at Agricultural Shortcomings (Milan Chromecek; STATNI STATKY, Vol 12, 1979)........ 17

Items Affecting Costs in Enterprises Viewed (Vaclav Maly; HOSPODARSKE NOVINY, 26 Feb 80) 25

Experimenting Enterprises Said 'Drowning' in Reports (Jaroslav Kvasnicka; HOSPODARSKE NOVINY, 26 Feb 80)... 29

Briefs
- Energy From Wood 33

GERMAN DEMOCRATIC REPUBLIC

Spring Cultivation Tasks Detailed (Reinhard Lemke Interview; PRESSE-INFORMATIONEN, 26 Feb 80) 34

CONTENTS (Continued) Page

HUNGARY

Results of Foreign Economic Relations Viewed
(Istvan Vig; MAGYAR NEMZET, 14 Mar 80) 36

1979 Foreign Trade Statistics Published
(HETI VILAGGAZDASAG, 1 Mar 80) 39

Agricultural Land Use Regulations Modified
(MAGYAR MEZOGAZDASAG, 30 Jan 80) 42

Enterprises Pool Resources To Implement Investments
(Istvan Oroszi; NEPSZABADSAG, 5 Mar 80) 47

Briefs
State Farm Expansion Plans 52

POLAND

Official Notes Problems Facing Machine Engineering Industry
(Aleksander Kopec Interview; TRYBUNA LUDU, 6 Feb 80) 53

ROMANIA

Conditions for Optimum Fulfillment of 1980 Plan Examined
(Mircea Pirjol; REVISTA ECONOMICA, 21 Dec 79)....... 58

Industrial Construction Ministry Analyzes Problems
(Dan Condrea; REVISTA ECONOMICA, 21 Dec 79) 64

YUGOSLAVIA

Exports, Imports in Agriculture-Food Industry
(Milorad Urosevic; PRIVREDNI PREGLED, 4 Mar 80) 70

Cuban-Yugoslav Credit Line, Trade in 1980
(A. Petrovic; PRIVREDNI PREGLED, 4 Mar 80) 72

Croatia Discusses Economic Cooperation With Cuba
(Jasen Grubic; PRIVREDNI PREGLED, 4 Mar 80)......... 74

Forecasts of Trends in Serbia Through Year 2000 Reviewed
(Svetislav Spasojevic; NEDELJNE INFORMATIVNE NOVINE,
10 Feb 80) 75

Electric Power Network Links to European Systems
(EKONOMSKA POLITIKA, 31 Dec 79) 80

Status, Outlook for Copper Industry
(EKONOMSKA POLITIKA, 21 Jan 80) 84

YUGOSLAV TRADE WITH CEMA COUNTRIES, JANUARY 1980

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 20 Feb 80 p 11

[Article by A. Petrovic]

[Text] With January deliveries, resulting mainly from business agreements concluded last year, the balance of trade was improved.

The first month of 1980 ended favorably enough with respect to the exchange of goods with the CEMA member countries: Bulgaria, Czechoslovakia, Hungary, the GDR, Poland, Rumania and the USSR. The volumes were not equally favorable with each country separately, but were so overall; and very evident was a greater activity than usual for this time of the year. It is true that the January deliveries on both sides of the border resulted from unfinished business by the end of 1979, but even in this respect the situation is better than it was last year.

Obviously our efforts, as well as the efforts of the exporters and importers in these countries were directed to the completion of the concluded agreements in order to provide a sound basis for new ones during the current year.

The data for each country show a general increase in Yugoslav exports, which means that the January exchange of goods decreased the last year deficit wherever it existed, while it increased the share of imports covered (paid for) by exports, which was insufficient last year.

In the exchange of goods with Bulgaria the January exports amounted to $8.2 million, which is 60.8 percent above the January 1979 figure. The imports were $12.7 million, that is 12.4 percent above January of last year. The balance of trade deficit on the Yugoslav side was 4.5 millions, while in January 1979 it amounted to $6.2 million. Imports covered by exports during this month amounted to 64.6 percent, while in January of last year it was 45.1 percent. This means that although there is still no balance, the trade is moving in that direction.

Exports to Czechoslovakia amounted to $30.6 million (+ 34.8 percent), while imports from that country were $40.6 million (+ 10 percent). The Yugoslav balance of trade deficit was 10 million, while last year it amounted to $14.2 million. The share of imports covered by exports improved to 75.4 percent from 61.5 percent last year. According to data, the success achieved during the preceding years is continuing.

During January, the deliveries to Hungary amounted to $11.7 million (-0.8 percent), and purchases to $24.1 million (-7.7 percent). Last year's deficit of 14.3 million was reduced to $12.4 million, while the imports/exports ratio increased from 45 to 48.5 percent. This is not sufficient but indicates a positive trend resulting, of course, from efforts on both sides.

During January $25.6 million worth of goods (+ 39.1 percent) was exported to the GDR, while their exports were $29.9 million (+ 19.6 percent). There is still a deficit of 4.3 million which is, however, smaller than last year's one of $6.6 million. In January of this year exports covered 85.6 percent of imports while a year ago they covered 73.6 percent. Consequently, the year began successfully, that is good progress was achieved in completing last year's arrangements.

Exports to Poland amounted to 35.4 million (+ 62.4 percent) and imports $20 million indicating a reversal of last year's situation (although the 1979 trade of goods was balanced). The January balance shows a $14.4 million surplus on the Yugoslav side, while at the same time last year there was a $3.4 million deficit. Imports were covered with 177 percent, and 86.5 percent last year. Such a beginning represents a good reserve for the coming months and a base for maintaining the achieved balance.

Goods delivered to Rumania amounted to $10 million (+ 20.5 percent), while purchases were for 14.2 million (- 4.7 percent). The deficit amounted to $4.2 million (6.6 last year), but the imports/exports ratio increased from 55.7 to 70.4 percent. This is not a great step forward, but it is an improvement over last year that should be maintained and accelerated.

In the trade of goods with the USSR, exports amounted to 210.9 million (+ 96.9 percent), and imports $181.6 million (+ 42.8 percent). On the Yugoslav side a surplus of 29.3 million was realized instead of a last year deficit of $20.1 million. The imports/exports ratio was 116.1 compared to 84.2 percent in January 1979. Considering not only the results for this month, but also the volume of the total annual trade with the Soviet Union, such a successful trade is welcome in order to make up for the delays in last year's exports.

In conclusion we can only hope that the expereince for January of this year will not be an exception but a good start which demonstrates that even more can be achieved when all interested partners are making efforts in common.

12133
CSO: 2800

MORE INTEGRATION OF AGRICULTURAL RESEARCH SOUGHT

Budapest MAGYAR TUDOMANY in Hungarian No 2, 80 pp 98-106

[Article by Istvan Tamassy, academician and professor, University of Horticulture: "Further Possibilities for Integration in Agricultural Research*"]

[Text] In the last decade, agriculture and the food industry in Hungary have developed in the appropriate direction and at a good pace through party direction and the collaboration of science. For a long time now, agricultural production has increased on an average of 3 percent annually, which is a good result also at the European level. On this basis, food industry production is increasing annually by 5 to 6 percent, and the population's food supply is gradually improving. We have had good successes in crop production on arable land, above all with wheat and corn. Thus, we succeeded in increasing an average of 15 quintals of wheat in 1955-1960 to about 40 quintals in 1977. We can state that with these results Hungarian agriculture has approached those countries which are most successful with agricultural production.

Our results continued to improve in 1978. In wheat we harvested more than 42 quintals per hectare, and more than 50 quintals in corn. Thus, among CEMA countries this was the first time cereal grain (corn) rose over 1 ton per capita. By exploiting this we were able to exceed 140 kilograms of meat production per capital. In all these results, science had a role and a more intensive utilization of genetic reserves in the interest of production.

Of course, in addition to the better use of genetic reserves, a basic role was played and is being played in the achievement of these results by Hungarian agricultural experts of whom many were trained in the Soviet Union. All this is a huge intellectual capacity which grows from year to year in accordance with the requirements of technical and scientific development. It helps the practical application of new, modern methods and types, assuring the accelerating rate of our development.

---

* A somewhat abbreviated text of a speech delivered 19 September 1979 at a meeting arranged on occasion of the 30th anniversary of the Hungarian-Soviet Scientific-Technical Agreement.

Improvement of wheat production results in Hungary has helped significantly in widening the use of Soviet wheat types as well as in application of agrotechnical procedures worked out by domestic researchers for Soviet types. General production of the Soviet Bezostaya wheat type was started in the early 1960's, and now it occupies 80 percent of the sowing area. On basis of the results achieved, it can be stated that large-scale wheat production was learned by our experts with the Bezostaya type.

In our wheat production the second phase in type change may be put in the early 1970's. In addition to an improvement in the production conditions, more recent Soviet wheat types have appeared, and the Aurora, Kavkaz, Yubileynaya 50, the Ranaya 12 and the Mironovskaya 808 came more and more into general production, and by 1974-1975 they occupied 60 percent of the total area. Today the Soviet types take up about 26 to 29 percent of the productive area to general satisfaction, and on a similar portion of the sown area new Hungarian types have replaced the Soviet ones.

Soviet sunflower types with a high oil content also merit notice. In experiments conducted during the past year, good results were obtained, for example, with the Donskoy-2 Soviet rice type because of its productive capability and resistance to cold.

On an average over the past 3 years, domestic development of better types has given 73 percent of the crop types for classified arable land. But this does not shed proper light on the importance of foreign, including CEMA or Soviet types, for the importance varies greatly from crop to crop. Moreover, the CEMA countries, including above all the USSR in plant and animal breeding, have a great importance for the type supply in Hungary. For example, we produce Soviet sunflower types on 56 percent of the total sown area, on 46 percent for spring barley, 26-29 percent for autumn wheat, and so forth. International cooperation is very important in the field of type breeding, and is also a condition for the better exploitation of genetic sources.

In the past 30 years, as a result of the socialist reorganization of agriculture, livestock breeding has increased in Hungary about twofold. Thus for example, animal product volume in 1976 over 1950 per unit of arable land increased in meat 2.5 times, milk 1.5 times, eggs 4.5 times. A role was played in all this by the improvement in livestock breeding conditions, the use of modern foddering principles, and not least of all by further exploitation of genetic bases and reserves by modern breeding procedures.

The development of specific production indexes is indicated by the coefficients, but it is impossible to estimate the ratio of the genetic component. An effect of more intensity in animal stocks without more intensive breeding cannot be realized. These two factors have doubled the milk production of one cow and tripled the egg production of one hen. In this process we cannot speak of development over a several year period, we are speaking of a much slower process. Genetic transformation has also developed through the crossing of existing stocks, only in a few instances by the exchange of types.

Hungarian livestock breeding has been able significantly to exploit domestic results including the help of the Soviet Union. Our pig breeding has been made more intensive by the Estonian lowland pig and other similar types which have been drawn into production. The Estonian lowland pig is a type permitted for general breeding in Hungary. The increase of 1 kilogram of wool per sheep on the Hungarian combing wool merino type was solved chiefly with the import of Soviet wool types, Askania, Grozniy, Caucasian and Stavropol fine wool types.

By adapting foreign types we have achieved significant results in our fish breeding. Herbivorous fish types from the Soviet Union--the Amur, the spotted and white Busa--have gained an important place on our fish farms, and it was of great significance that in addition to breeding materials we also borrowed information materials on keeping and feeding from the Soviet Union. In other cases, too, there is a link between more intensive production technology and the borrowing of types. Nowadays roasting duck production and roasting game adapted on the basis of Soviet experiences have also been extended.

I wish to speak separately of artificial insemination and the deep-freezing of sperm. The results for cattle breeding in this field are outstanding. But we have not exploited the possibilities in sheep and pig breeding or in the breeding of race and trotting horses. Today it is virtually impossible to buy an exceptional sire on the international market. At the same time, the sperm can be purchased, and we must take advantage of the mating services that are available on socialist large farms, and in this way we can increase, rapidly and to a great extent, the genetic value of our stocks.

Cooperation in the field of zygote transplantation is also of great importance. This method significantly promotes the genetic improvement of dairy and meat cattle, the genetically induced surplus can amount to 5 to 10 percent. It would be worthwhile to engage ourselves in the development of a joint zygote transplantation program. This would make possible the export and import of zygotes, or their exchange in place of the animals. The full exploitation of this possibility depends on the organization of embryo preservation or freezing.

As a consequence of the utilization of the results of international crop and livestock investigations within a bilateral and international framework, CEMA has put 300 new plant types and hybrids into general production with a sown area of about 15 million hectares of which 1,300,000 hectares are in Hungary. Of Hungarian types, the Soviet Union is producing hybrid corn on about 30,000 hectares, of vetch (Pannonia) on about 15,000 hectares, of autumn barley (Beta 2-series and Beta 40) and of autumn rye (Kisvarda) also on a significant area.

In respect to the joint use of gene bases for animal types most appropriate to industrial conditions of breeding, we can mention the Hungarian poultry hybrids Tetra-L, the Tetra SZL egg-laying hen, and the Tetra-B poultry meat hybrids widely used in the Soviet Union. Great hopes are being placed on the wide acceptance of the Tetra 726 broiler. The Kahb pigs are also being widely used in the Soviet Union.

We are happy to state that our cooperation with the Soviet Union in type experimentation and exchange is constantly increasing and developing. In 1974 we signed a bilateral cooperation agreement with the Soviet Union which includes type exchange, the application of experimental methods, exchange of experiences, exchange of information, and tasks and conditions related to the further propagation of types.

It is the result of international type experiments and the bilateral agreements that of the several hundred types which are jointly experimented with every year a number of them are tried out for classification and general production in Hungary. It is due to this that we produce CEMA plant types on more than 20 percent of the present arable area, most of which are Soviet. Of course, the distribution by plant type and the area of sowing is constantly changing. Rice types are being propagated, among them the Kuban 3, the Dubovskiy 129 and the Donskoy-2. Among dry peas, this is true of Ramonskiy-77, and of lentils of Dneprovskaya-3. Sunflower types like the VNIIMK 6540 and the Chokinskiy-209 already make up a significant portion of the sowing area. It must be stated, however, that in respect to joint utilization of genetic reserves, both Hungarian and Soviet researchers are exploiting only a fraction of the possibilities, and this only with inadequate organization.

The sources of genetic progress to be realized in agricultural type exploitation are primarily the basic breeding materials and the new breeding methods for promoting their utilization. For practical production the source may be the introduction of ready, new types and of the most valuable results in both domestic and foreign improvement.

However, the realization of genetic progress in production depends not only on the readying of new types but also on their introduction, type maintenance, and an adequate sowing seed supply. The effect of superior types which adjust better to requirements shows up in the range of the supply and in their utilization appropriate to their purpose. In this, too, we need greater cooperation in the future.

On what is the profitable exploitation of genetic reserves based? On one hand on the exploration of sources, on the utilization of basic improvement materials and results from the whole world, and on the other hand on the rapid change of types, on successful sowing seed (propagation material) supplies and on better utilization of possibilities given by the types. To this end, the investigation of the suitability of types, their experimental subjection to competition and on this basis their selection is included among genetic sources and their utilization. This latter sphere of tasks is realized in the framework of type classification. This classification is the bridge between improvement and production. In respect to scientific methods, it may be regarded as the concluding phase of improvement, and therefore it would be desirable, in the interest of coordinating our forces and exploiting them jointly, to extend Hungarian-Soviet classification work more and more and to make it better organized.

This is also justified by the following: the experimental data of the past 3 years, in order of magnitude, how that the large-scale, experimental production average for autumn wheat in the past 3 years has exceeded the national average by 20 percent, and for autumn barley by 25 percent. Assuming a similar agrotechnical level, the coming years can form a significant basis for increasing the production average. If we compare this with a similar increase in the national production average for corn, we arrive at the conclusion that in this case the agrotechnical possibilities--including the weaker productive areas as well--have lagged behind the increase in genetic potential. In the case of sugarbeet, the average production of large-farm experiments will increase the national average by 30 percent which, even taking the temporary stagnation of the increase in production averages into account, means a genetic reserve similar to that of cereals. Large-farm experiments on the sunflower--calculating over the past 2 years--have exceeded the national production average by about 60 percent which is favorable from the viewpoint of judging genetic possibilities, but at the same time it calls attention to other problems of production technology.

In vegetables, too, we know the development of the national production average only for the most important species which show over a 5-year period that, comparatively speaking, only in the case of seasoning paprika can we speak of an annual 2 percent average production increase, while in the case of the other more important vegetable types the production results have not changed or have shown only a decline of small extent. The temporary problems related to our vegetable production are well known and these have already been solved by proper government measures, but for the time being its effects distort statistical comparison.

This situation is somewhat similar also in the development of type experimental averages for vegetables. In recent years a rising trend has been perceptible only in head cabbage and green peas. A much more characteristic picture, however, is given by a comparison of type experiment and national production averages. The latter--calculated on 6 years' of data--comes to about one-half of the experimental average. (Fifty-five percent for cucumbers, 48 percent for seasoning paprika and onions, 45 percent for table paprika, and so forth, while the 61 percent for cauliflower is the exception.) Taking into account the type reserves and the results of good farms, we can state in broad outlines that we could double the national production average for table paprika as well as for celery and carrots, which at present stand at a very low level while we could increase the production average 1.5 times for the other more important vegetables within a few years through the use of types already available or the use of existing genetic potentials.

In the case of grapes and fruit, the development of the biological bases show up in two, time-divergent forms:

--in harvested production, or in the size of the present production averages;

--in the type-value determining the later product quality and yield results of new seedlings ready for planting.

The initially slow propagation of the new types and the time required for the seedling to become productive will permit their effect to be felt in the national average production only after 10 to 15 years. The newer types--less than 15 years old--produce 85 to 90 percent of realized production in the case of berries, 33 percent in the case of apricots, 20 percent in the case of sour cherries and peaches, 10 percent in the case of sweet cherries, 5 percent in the case of apples and table grapes, and 1 percent in the case of wine grapes. Thus, their greater productivity is felt only to a very small extent.

With berries, the change of types has been rapid; the increase in red currant production averages has been about 50 percent, and the increase in black currants--including the Soviet types--has been close to 100 percent in 2 decades. Average production in new plantings of sour cherry trees has increased by 50 percent, and the national effects of this can also be felt. In the other kinds as well the productivity of new types is substantially better, but because of their small share in the total ratio their effect is scarcely felt in the national production averages.

From the viewpoint of the future, the utilization of genetic sources has great importance in the further development of breeding methods, the transfer of existing results has opened a rich storehouse of technological and production knowledge for joint exploitation, although in an era of technical revolution this is by no means sufficient to keep pace with progress. This development phase in agricultural and biological research requires the further centralization of material and intellectual forces which exceeds the possibilities of almost all CEMA countries, and in particular Hungary's. For this very reason, it is necessary that we concentrate our scientific-technical cooperation on the performance of tasks in joint work distribution. Genetic research work has a particular importance in the development of breeding methods. We believe that numerous cooperative opportunities are opening up in this field beyond research in mutation genetics and breeding, for example in genetic research of the higher plants and animals. There are still very great reserves in the expansion of population genetic research, making inbreeding improvement more organized, and the better exploitation of methods for remote hybridization and generational crossings, artificial mutants, tissue culture and cell fusion.

The utilization of inbreeding hybrids has been accompanied, and still is, by many advantages. But we must not forget that inbreeding hybridization is also accompanied by significant gene erosion. As a consequence of agricultural inbreeding the relationship between the host plant and the disease cause has been altered, and more and more stress is being placed on the question of the intensive conduct of resistance breeding. It has also become evident in the course of Hungarian research that from those materials--including old inbred lines--which have not been selected in some direction very valuable new forms can still be produced. Also an important method in the protection of genetic reserves is the sub-line selection which is disputed by many, going beyond the possibility of stressing intensive and resistant types. The value of these is even greater if their descent can be led back to lines of old domestic regional types or old adapted and inbred lines. Adjustment capability developed largely on the basis of natural selection cannot be replaced by any promising new foreign material.

These problems indicate that we must continue to expand our cooperation beyond the exchange and trial of new plant types not only with the mutual exchange of wild species which carry the resistance of basic materials but also with the exchange of genetic donors. The mutual use of genetic donors in biological and agricultural experiments can significantly reduce the working time needed for the breeding of the type. One good example of this is the cooperation underway in the field of triticale research. According to many, triticale is the outstanding example of plant genetic research; of allopolyploid, species and generational cross-fertilization; of chromosome and gene transfer, and the study of evolutionary and selective method of artificially created new species. In the great international unity, we will eliminate such unfavorable properties of the hexaploid triticale as we could not even touch several years ago. These include the following achievements: exceptional winter resistance (harkovi triticale), exceptional fertility (Mexico triticale), and exceptional durability (the Hungarian semi-dwarf triticale).

We also need to devote still greater attention to those old types which cannot be raised by now in their original forms even with the most careful agrobotanical work. The old types erode genetically, and with time they lose some of their favorable characteristics. Most of those engaged in genetic and breeding work help in this case by passing, through cross-fertilization, the best properties to the stocks that are being used, and it is in this way that they seek to preserve the values of the old types. Such genetically renovated materials can also count on common interest--from geneticists and breeding researchers in both countries--because these new forms unite the old characteristics in a fortunate way with the more modern elements, and at a higher level they utilize that which was also a value for the preceding generation. These represent valuable basic materials for the activity of the coming generation engaged in breeding research.

It is generally known that pollen sterile lines necessary for hybrid wheat has been produced with the help of type hybridization. The gene of the bread wheat T. aestivum is implanted in the cytoplasm of Haynalidia, Aegilops, etc. The most generally used pollen sterilization has been produced with the help of the cytoplasm of T. timopheevi.

It is less well known that one of the most serious problems in the production of the hybrid wheat sowing seed was also solved with the help of type hybrids. The problem is the weak fertilization of the pollen-sterile female series in the blocks for producing sowing seeds, the so-called cross-fertilization blocks. The reason is the weak maneuvering capability of the wheat pollen. By increasing the width of the pollen-sterile tracts the seed binding (magkotes) is proportionally reduced. The reduction of the width of the tracts, on the other hand, increases the mechanization problems (sowing, harvesting). In the method worked out by domestic researchers, the two parent partners can be sown in mixture, and thus the distance between the parent plants is reduced from meters to centimeters. Accordingly the seed binding (magkotes) is improved, the seed production is increased and the production of sowing seeds will be less expensive and more economical. This possibility came about through the separation of the parent forms on the basis of the seed color. Australian researchers by using back-crossing methods transferred the color of the seed cover (pericarpium) into the bread wheat. This was still basic genetic research, it was as a result thereof that Hungarian researchers were able--on the basis of their own ideas--to transfer the purple color of the seed cover into several dozen restorer lines.

I have spent some time in discussing this problem, because in the Soviet Union as in Hungary, great efforts have been and are being made in the field of breeding hybrid wheat, and I think that with joint strength we will arrive more quickly at the goal of joint utilization of genetic sources. Many researchers in genetics and breeding work have, for example, plasmopara resistant sunflower lines from which, in fertilization years of the descending hybrids, give substantially greater production as compared to the nonresistant types, although the latter in case of unfavorable weather will outdo the resistant types by 5 to 10 percent. The situation is similar with rape types, stocks and lines. There are eruka-poor stocks which equal the traditional types in production, but the biological value of the oil in the latter is incomparably greater.

Taking all this into account and evaluating the past and present results achieved in the field of Hungarian-Soviet scientific-technical cooperation in biology and agriculture, we must endeavor to increase and broaden the methods and forms of cooperation in our day.

In order to cope better with the tasks that are facing the economy, we must have more and better types available than up to now. According to the estimates of the OMFI [National Agricultural Type-Experimentation Institute], we need for the realization of our tasks to accelerate type changes by about one and one-half times, that is, in 10 years we must introduce on the average 50 percent more types than in the past decade. This can be achieved in every branch of agriculture, but to do this we must organize the realization of genetic reserves better than heretofore, both separately and combined.

A better use of genetic reserves would be significantly promoted if as with the Dubna Institute for research in physics we began to organize a CEMA research institution on a bilateral or multilateral basis for research in higher order plant and animal genetics. Organizationally a great deal of help could be given in this by the Technical Development Committees and the Science Academies in both countries. This would make it possible, among other things, to carry out beyond genetic research development, a more organized study of genetic donors and all kinds of genetic sources and their joint utilization in breeding work.

In all of the more important agricultural countries of the world the problem of discovering and maintaining existing plant breeding basic sources will come to the foreground. To realize this idea, at the initiative of the European Association for Research on Plant Breeding (EUCARPIA), three regional gene centers have been started in Europe, and the establishment of a central genetic center has been initiated in Izmir, Turkey. It would be the task of the gene center to protect plant materials in the interest of guarding plant breeding work.

In view of the fact that Hungary has few material resources to maintain such a gene center, although the Tapioszele Agrobotanical Department cannot cover our needs, we need to seek other possibilities. We should investigate the possibility of using the gene sources of the Soviet Union's Pan-Soviet Plant Breeding Institute (VIR) with its approximately 26,0000 (sic) plant species and types in a more active and organized way than up to now for the purposes of Hungarian plant genetics and breeding research. I believe it is our fault that we have not adequately used in an organized way the inexhaustible materials of the VIR species and type collection, above all in the breeding of plant resistance and that we have not used these possibilities in Soviet-Hungarian cooperation. In the framework of plant and animal genetic basic material sources or in the form of work distribution in bilateral cooperation, we could make it possible to exploit more than heretofore the potential possibilities of plant and animal basic material sources. We could create for the more important plant cultures the bases of genetic sources, we could further develop for the various animal species the storage of sperm and ovary cell storage based on joint ideas, and work out more effectively than heretofore its exploitation for plant breeding in the economy.

These gene source materials merit particular attention in the discovery of more effective genetic analyses, above all in the genetic carriers for winter resistance, cold resistance, and drought resistance. It is well known that the basic value index and productivity of certain types depend on many properties. The productivity of plants is an integrated index which appears as the mutual effect of many genes. The breeders expect of the geneticists that on the basis of genetic basic material sources they should be able to make recommendations on the specific donors carrying productivity, or their effective use. But to do this it is necessary that we perform the genetic analyses of the starting materials in an organized and combined way. The study of property genetics is one of the basic tasks of modern genetic research.

It is also desirable to evaluate the starting breeding materials by bringing in plant biology because the breeders need such genetic basic materials as have great assimilation capability and make better use than plant types known up to now in using the sun's energy.

On the basis of mutual cooperation we should also further develop research work which makes it possible to determine the descent of domesticated plants. On the basis of the principle of protecting markers it may become possible to evaluate the genetic structure by the identification of species, types, lines and mutants, above all in the case of plant forms which do not have morphological markers, and also make possible the molecular genetic analysis of the starting basic materials.

The economy and every branch of production require production security. To this end, through joint cooperation in genetic and breeding research we need to discover the genetic factors determining the immunity of plants. Only the high-grade, careful use of genetics will assure in breeding the decline of losses from parasites. In our days, unfortunately, this is one of the most limited areas of breeding. Biological, including genetic, research signifies worthwhile help to breeders if they receive a new starting material source of great value which is well worked out genetically, physiologically and biochemically and makes possible its more efficient use in modern and if possible joint breeding programs. It would be desirable if in this matter joint research developed because only the concentration of forces and rational work distribution will assure a rapid rate of development.

It would significantly help in the realization of our goals if the research had a role also in the medium and long term plans of our country, because it is certain that our scientific-technical cooperation linked intensively and over the long run to production and to economic and agricultural cooperation would contribute significantly to accelerating progress in the economy of both countries, to the fulfillment of our basic economic goals, to making agricultural production more efficient and to a higher quality level in our agricultural products.

6691
CSO: 2500

JANUARY ECONOMIC RESULTS SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech 29 Feb 80 p 2

[Commentary from Federal Office of Statistics]

[Text] The development of basic economic indicators in January 1980 shows a high rate of growth as compared with the same month last year; this fact is influenced by the low starting base in January 1979. Nevertheless, in view of the comparison with the same month in 1978 we can state that this year's start of production gives indications that the plan will be fulfilled.

Among the positive features of January's national economic development is especially the flow of electric power supplies and improvement of meeting the plan of fuel production (in almost all districts the plan for fuel output was met--only with respect to brown coal was there a drop to the extent of approximately one and one-half day's production). Total volume of gross production in industry increased 16.2 percent compared with January 1979 and 4.8 percent over January 1978. The fulfillment of sales goals developed in line with production. The January plan was fulfilled in all aspects of sales with the exception of supplies for production use and operations. In agriculture a satisfactory level of milk and egg procurement was attained; procurement of slaughter animals fell below the level of January last year and January 1978. In construction there was an increase of construction projects of almost 25 percent compared with January 1979 and 5.4 percent compared with January 1978.

In foreign trade a marked increase in exports was attained, especially to nonsocialist countries. In domestic trade high popular demand continued in January and was reflected in a definite increase in retail trade not only compared with January 1979 but also compared with the same month in 1978.

Enterprise production plans for January were not fulfilled either in industry or construction.

In centrally planned industry the volume of gross production exceeded Kcs 50 billion in January; compared with the same month last year gross production increased roughly 16 percent and compared with January 1978, 4.8 percent. The January increase in gross production was secured by an almost 94 percent increase in labor productivity. The highest rate of growth compared with January 1979 was recorded in gross production by the building materials industry, general engineering, the wood-processing industry and by textiles.

Approximately 18 percent of the enterprises in centrally planned industry failed to meet their month's production goals. The specifications of enterprise plans for overall gross production were fulfilled 99.7 percent.

In the area of industrial production, while the month's plan was exceeded in virtually all aspects of sales, the fulfillment of plan goals in respect to individual enterprises was less uniform than the fulfillment of the production plan.

The highest plan overfulfillment was recorded in deliveries for export to nonsocialist countries at prices with freight prepaid--by 12.3 percent; at the same time, however, almost 30 percent of the enterprises which make up the plan for this indicator did not meet their delivery quotas for export to nonsocialist countries. In respect to deliveries for export to socialist countries in freight prepaid prices the January plan, although in total exceeded by roughly one percent, was not fulfilled by over 30 percent of the enterprises.

Deliveries for production use and operations were low in fulfillment--only 97.7 percent. Almost 45 percent of the enterprises failed to meet the month's plan specifications. In particular, these were enterprises of the Federal Ministry of General Engineering, the CSR Ministry of Industry and the SSR Ministry of Construction. Planned deliveries of capital investment were exceeded overall by 5.3 percent even though 38 percent of the enterprises did not meet their plans for this indicator.

Compared with January 1979 deliveries for domestic trade in retail prices increased by 13.4 percent, deliveries for export to socialist countries at freight prepaid prices by 19.8 percent, to nonsocialist countries by 45.1 percent and deliveries for production use and operations increased by 11.3 percent.

In building the construction enterprises carried out construction projects with internal resources in the amount of Kcs 5.3 billion and thus fulfilled the specifications of enterprise plans 99.4 percent. Over 30 percent of construction enterprises failed to meet the January production plan. The January increase of 24.6 percent in construction production was secured by a 95 percent growth in labor productivity. In contracted housing construction the construction enterprises delivered 520 units in January or 158 fewer units than in January 1979.

In the area of capital construction investment projects and deliveries effected in January amounted to an estimated Kcs 5.4 billion in current prices (minus Action Z and self-help) which is 8.4 percent more than in January 1979 and 0.4 percent more than in January 1978. The volume of construction projects increased by 14.9 percent (by 0.2 percent over January 1978) and the value of machinery and equipment deliveries increased by 0.1 percent (0.6 percent over January 1978).

In animal production there was a drop in January in procurement of hogs for slaughter compared both with January 1979 and January 1978. Procurement of milk increased over that of last year. The total procurement of slaughter animals, including poultry, was 8,000 tons less in January than in the same month last year, whereas milk increased by 27 million liters and eggs by 15.5 million.

In public transportation the January plan for transportation was fulfilled 99.5 percent; railroad transportation 95.6 percent and CSAS [Czechoslovak Automobile Transportation] 103.6 percent. The plan for railroad shipping was barely met, particularly with respect to ore and building materials. The average daily shipment in vehicular units increased by 6.4 percent over January 1979; the average circulation time of a vehicular unit in terms of days was reduced by 2.6 percent. A total of 46.6 million tons of goods was carried by public transportation in January of this year which is 10.6 percent more than in January 1979.

In foreign trade overall exports in January increased considerably compared with January 1979 (more than 25 percent), overall imports increased almost 13 percent. In the territorial structure there was a higher dynamic of foreign trade in January with nonsocialist countries.

In domestic trade retail sales of the main trade systems (in current prices) were Kcs 15.1 billion in January, an increase of 8.7 percent over January 1979. The fastest tempo of growth was recorded in retail trade organizations of coal supplies, commercial houses and footwear. Enterprise plans for retail trade were fulfilled 104.8 percent. Personal cash earnings were 7.6 percent higher than in January 1979 and 8.1 percent higher than January 1978; actual consumption expenditures grew in comparison with January 1979 by 10.8 percent and against January 1978 by 9.4 percent.

[Key to table]

1. Increments compared to expected actual 1979 results
2. All trade systems
3. Data on actual results refer to actual transactions and do not include unplanned actions in the framework of cooperation, unplanned reexport trade operations, barter, tied trade transactions, etc.
4. Increments compared to 1979 results achieved
5. According to enterprise calculation methods
6. Including estimated interest for loans
7. Data calculated according to the treasury plan of the Czechoslovak State Bank

Basic Indicators of Development of National Economy in January 1980
Increments Over Comparable 1979 Period (in percent)

	Year 1979	1980 Jan	Federal 1980 Plan[1]
Industry:			
Gross production	3.7	16.2[5]	4.1[4]
Average number of workers	0.8	0.9[5]	0.8
Labor productivity	2.9	15.2[5]	3.2
Construction:			
Construction work completed with internal resources	3.7	24.6	3.8
Average number of workers	0.5	1.2	0.2
Labor productivity	3.1	23.2	3.6
Housing units delivered by contracting enterprises	-2.9	-23.2	11.0
Procurement:			
Slaughter animals, including poultry	2.7	- 5.5	0.4[4]
Milk	1.0	7.8	1.8[4]
Eggs	3.2	7.3	3.2[4]
Retail trade of the main trade systems	3.5[2]	8.7	3.4[2]
Foreign Trade:[3]			
Exports to socialist countries	9.1	14.7	7.0
Exports to nonsocialist countries	15.0	46.2	9.8
Imports from socialist countries	9.2	4.1	6.8
Imports from nonsocialist countries	16.4	33.7	5.6
Total Sales of Centrally Controlled Industrial Enterprises for:			
Domestic trade, in retail prices	1.8	13.4	-
Exports to socialist countries, prepaid freight to port	8.8	19.8	-
Exports to nonsocialist countries, prepaid freight to port	20.0	45.1	-
Other sales for production use and operations, in wholesale prices	4.0	11.3	-
Investment Projects and Deliveries (less Action Z and other self-help)	2.3	8.4	2.4[4]
Of which: Construction projects	1.1	14.9	6.1[4]
Machinery and equipment	3.8	0.1	2.1[4]
Personal Cash Earnings:[7]	3.7	7.6	5.3[6]
Of which: Wages	3.8	6.3	4.0
Actual Consumption Expenditures[7]	4.0	0.8	4.8[6]

8491
CSO: 2400

NEW PRICING AIMED AT AGRICULTURAL SHORTCOMINGS

Prague STATNI STATKY in Czech Vol 12, 1979 pp 265-267

[Article by Dr Engr Milan Chromecek, CSR deputy minister of agriculture and food, Prague: "Not Only To Register, But Also Promptly To Respond"]

[Excerpt] On the basis of analyzed findings, the 13th plenary session of the CPCZ Central Committee on 21 and 22 March 1979 reviewed also the system of economic tools of management. Its resolutions called for the necessary revisions which would react to the changed conditions in our society, in the economics of agricultural enterprises, but also in individual production sectors in connection with the ongoing process of concentration, specialization and cooperation.

These changes should at the same time contribute to the reduction of profitability of individual products as the indispensable condition of proportional increase in their production, intensification and stimulation of the process of specialization and cooperation and above all of making cattle breeding more profitable. In addition, by means of price differentiation and premiums, they should promote orientation to the higher quality of agricultural products, correct the effect of the differential rent on the enterprises operating in different production areas and thus contribute to the equalization of incomes of areas and enterprises. Finally, they should narrow the gap between the economic conditions of operation of two socialist sectors in agriculture and particularly, but putting the remuneration of live labor in the state and cooperative sector on a uniform basis, eliminate the differences in labor's reproduction costs.

It was necessary to approach this complex and demanding tasks in such a way that would make the proposed changes effective already 1 January 1980 so that proper preparation can be made already in the course of the last year of the Sixth Five-Year Plan for a good start of the Seventh Five-Year Plan. They should affect the behavior of enterprises and help create financial and economic conditions for the more effective utilization of land, material means and labor force for further increase in production and its efficiency in accordance with the needs of the society and intentions of the national economic plan.

The measures aim primarily at the revision of prices of material inputs in agriculture (industiral fertilizers and fodder) and of purchase prices, price surcharges and premiums on purchase prices of agricultural products. Secondly, they revise the agricultural tax rates--parts of land tax and profit tax--and in connection with it also the rates of differential premiums. Finally, the above measures deal also with some economic tools of cooperative and state sectors in agriculture. They for example eliminate the tax on excessive increase in average incomes in JZD [unified agricultural cooperatives], increase the contributions for social security and retirement benefits of cooperative farmers, make financial planning of state farms more realistic and so on.

All measures have been devised in such a way that under no circumstances will the funds be withdrawn either from agriculture as a whole or from any of the two socialist sectors or national republics.

Moreover, the financial resources of state farms will somewhat increase by the allocations from the state budget so that the state sector--like the cooperative sector--could produce enough funds for its further development as well as for the planned increase in the remuneration of its workers.

The changes in the prices of material inputs have been necessitated by the reduction of present price subsidies for industrial fertilizers and protein fodder from the state budget. Due to this, the prices of nitrogen fertilizers are increased by 11 percent, of phosphoric acid fertilizers by 16 percent and of potash fertilizers by 15 percent. The sales prices of protein fodder compounds increase on the average by 13 percent: for cattle by 8 percent, for pigs by 11 percent and for poultry by 20 percent. Despite these measures, the subsidies from the state bueget remain on a relatively high level: 13.5 percent of wholesale prices of fodder compounds and 16 percent of wholesale prices of industrial fertilizers.

The measures in the area of purchase prices, surcharges and premiums on agricultural products primarily apply to the group of products which consists of roughage on the arable land, meadows and pastures, and the related products from cattle and sheep breeding.

This is a group of products with a low growth rate, in which large-scale production technologies have as yet been employed to a very limited extent, and with substantially lower profitability than the group which is represented by grain crops and the related production of pigs, poultry and eggs. The relationship between these two groups was somewhat corrected on 1 January 1977, when the price subsidies for milk and slaughter cattle were increased, and the prices of wheat, rye, poultry and eggs reduced. The basic problem, however was not completely solved and material incentives for agricultural enterprises were therefore not tied to the overall increase in cattle breeding (including the developmental fodder basis for this biggest source of effective intensification of our agriculture).

For these reasons, the present price measures increase the subsidies for this group of products by 16 percent or Kcs 3.8 billion. The prices are being revised in all phases of the reproduction process including the prices of roughage, newly-born calves, herd-establishing and breeding stock all the way down to the final product: milk and slaughter animals. The prices are so constructed as to insure adequate and approximately identical profitability at each phase of the reproduction process and thus to create economic conditions for the integration process and specifically for the broadest possible cooperative relations. In regard to milk, the present forms of prices and surcharges, though substantially revised, remain in effect. This means that, despite the substantial increase, a distinction still will be made between the winter prices and summer prices. Furthermore, the first quality grade will be given preference and priced higher, while the purchase price of milk of the second and third quality grade will be proportionately discounted.

The present basic premium based on the proportion of intensively used meadows and pastures is included in the basic price of milk per kilogram. In the enterprises with the proportion of meadows and pastures exceeding 20 percent, the premium remains in effect. It is broken down into three brackets with the progression more pronounced in the bracket with the ratio exceeding 30 percent and 50 percent of meadows and pastures. Moreover, the specialization premium remains in effect depending upon the volume of milk purchased per one hectare of agricultural land and the period is changed or extended during which extra bonuses are paid for starting marketable production of milk from the large-capacity cow sheds. In addition, the dairy farms in selected districts will, on the basis of contractual relations, experimentally test the milk purchases of choice quality for infant food processing.

Generally speaking, the new prices of milk and bonuses create conditions for approximately 5 percent profitability excluding differential bonuses and approximately 10 percent profitability including differential bonuses. Milk production in worse natural conditions is especially favored.

The price subsidy for slaughter cattle is increased by approximately 25 percent that is more than Kcs 4 per kilogram. These changes apply to all categories of slaughter animals with the exception of sucking calves for slaughter because the tendency is to be supported to raise calves and to make better use of them than to ship them directly to the slaughter-house.

In this context, it must be particularly pointed out that the price of live-born calves is substantially increased--from the present Kcs 11.20 to Kcs 27 per kilogram of live weight. This price increase will stimulate the breeder's interest in keeping the newly-born calves for feeding. On the other hand, this valuation of the live-vorn calf which is derived from the cost of feeding dairy cows during the dry period will be reflected in the lower production costs of milk.

Like in the case of cattle, all price relations have been revised in raising of sheep The revisions involve the purchase prices of wool, slaughter lambs and sheep, and lump cheese. In addition, the premiums are increased on the increase in the number of ewes from Kcs 300 to Kcs 500 per each. In regard to slaughter lambs and lump cheese, the premiums on the purchase price are differentiated according to the proportion of meadows and pasturers and this provides a stimulus for increased sheep breeding in the less favorable natural conditions in the mountain and foothill areas.

The adopted measures are to attract the interest of agricultural enterprises to raise cattle and sheep and by making profitable and most efficient use of roughage and particularly of sward which covered 24.6 percent of agricultural land in 1977 and represents our biggest mobilizable reserve for meat and milk production at the present time.

Profitability of this production will vary in individual agricultural enterprises depending upon specific utility and quality of products on the one hand, and actual production costs on the other. Under all production conditions, however, the revised system offers producers the possibility of efficient and adequately profitable production. It will therefore depend upon every agricultural enterprise what use it will make of this chance.

In other types of animal production, like in pig andpoultry raising, the present profitability is naturally reduced due to the adopted price measurers, increases in the prices of industrial fertilizers and comprehensive fodder compounds. In order to maintain the proper relation among individual products, their prices were appropriately adjusted. The price per kilogram of live weight was raised by Kcs 0.50 for hogs, by Kcs 1.00 for chickens and turkey hens, by Kcs 1.50 for slaughter ducks and by Kcs 3.00 for slaughter geese. As a result, the profitability rate of pig production will be about 13 percent and that of poultry production approximately 10 percent. The present high profitability of egg production will amount, after increases in the prices of inputs, to approximately 10 percent and the purchase prices will therefore not change. In view of the short production cycle and the resulting high turnover, production of poultry meat and eggs will be economically advantageous even after the proposed changes become effective.

The price adjustments in animal production include also some corrections for example in the area of prices of sucking-pigs, goose down, honey and marketable fish.

The complex of all price measures mentioned create for all breeders and producers of animal products conditions for profitable production of every type and category of animal production, while bringing the profitability of individual products closer to approximately identical level.

Although due to the adjustment of prices of inputs, that is of industrial fertilizers, the profitability--but not the volume--of crop production will be reduced, it still justly remains above the profitability rate of animal production.

In crop production, the adjustments of purchase prices concern the qualitative indicators and then some special crops whose production is to be increased by stimulating growers' interest in it. The purchase prices of wheat for food industry are increased by Kcs 150 per ton. Preferential prices are maintained for first grade barley used in malt production and are now introduced also for oats used in food industry and corn for production of starch. Preparations are being made for judging the quality of sugar beet on the basis of sugar content. The new method of appraising quality will be tested in selected sugar refineries already next year. A premium price will be paid for hops of 1-3 quality grades grown in the Zatec area and the effectiveness of the present Czechoslovak state standard for hops will be reviewed in the future. Adjustments are made on the prices of blue grapes for cider and new premium is introduced on the purchase prices of cider grapes form the vineyards on sloping lots on which mechanical equipment can be used only with difficulty. The prices of empty poppy heads for pharmaceutical industry are revised and increased. Additional price measures are being prepared for seeds for sowing and seedlings.

The above mentioned price measures affecting animal and crop production already make it clear that preferential prices are set for the products from the enterprises operating under difficult production conditions. This corresponds to the intention to provide the biggest possible incentives for all producers to make most effective use of all land. All these price measures, however, are not enough to achieve adequate production of resources necessary for increasing production in worse production conditions and for eliminating the differentiation of incomes among the areas which was built in the system of economic tools still in effect. In order to regulate the effect of the differential rent more consistently and thus to alleviate the interarea differentiation, adjustments have been made also in other economic tools of management--agricultural tax and differential premiums.

The land tax rates are being increased in a differentiated way by as much as Kcs 650 per hectare of agricultural land for the enterprises operating in best production conditions. The total higher revenue resulting from these changes (the increase amounts to approximately 51 percent) will be used for the differential premiums increase and will thus contribute to strengthening of economics management of agricultural enterprises operating in more difficult natural conditions. These changes represent another step toward equalization of conditions for expanded reproduction in the enterprises operating in different production areas without disrupting the balance of enterprises operating in better natural conditions.

In connection with the changes in the land tax rates, other components of levies from agricultural enterprises to the state budget have also been revised. The profit tax rates have been so revised that no tax will be collected from the enterprises whose profits (after payment of the land tax) are below 5 percent. With the growth of profitability, the profit tax rates progressively increase: if profitability reaches 20 percent, the enterprise can retain 70 percent of profit, at 30 percent profitability 57 percent of profit, and at 40 percent profitability 50 percent of profit. The enterprises with highest profitability will still be able to retain at least

20 percent of their profit. The revision of the agricultural tax results also in the abolition of part of the tax on nonagricultural activity.

All price measures mentioned above as well as the changes in the rates of both parts of agricultural tax--namely the land tax and profit tax--fully affect also the state sector in agriculture. Together with the generally applicable tools of economic management, the state farms must comprehensively interlink all financial parts of the plan in accordance with the resolutions of the 13th plenary session of the CPCZ Central Committee in March 1979. This means that they must interlink investments needs listed in the plan with the sources of their financing, replenish their floating assets by including in them the increase in the number of animals and inventories, and finally make the qualitative indicators of financial plans more realistic particularly with reference to the trend in production costs and profits in connection with the wage regulation.

As to the area of economic tools, the resolution of the CSSR government presidium instructed the state farms to finance most of their needs from their own resources and to apply to principles of khozraschet to their management.

These measures are to be implemented in accordance with the previous price and tax measures, and by raising the limit and broadening the scale of differential premiums for individual economic production groups in which the state farms are included. These measures are to be financed by the funds which are furnished to the state farms in the form of additional allocations from the state budget in the course of the year or thorough the final financial settlement at the end of the year, and are supplemented by additional necessary funds from the state budget.

These measures which are to help state farms apply the khozraschet principles to their management and create economic conditions for their application on the increasingly large scale, increase the share of responsibility of state farms workers and management organs for the production of resources for expanded reproduction in the enterprise in question. The implementation of these measures will result in the differentiation among the state farms depending upon the quality of their work and will also reveal many problems in their organizational and management work or cadres policy which must be solved without delay.

No enterprise, no state farm has any reasons to linger or wait for what the new tools of economic management which become effective 1 January 1980 will bring. On the contrary, it is necessary, with all emphasis and completely, to implement the systems measures which all enterprises were asked to elaborate by the CSR government resolution No 222 of 11 July 1979.

These are well-rounded production, technical, technological, economic and organizational measures which aim at the elimination of existing shortcomings in management of state agricultural organizations and whose purpose is:

--to increase efficiency of state farms by further development of concentration and specialization and interenterprise division of labor in order to promote dynamic development of production sectors potentially profitable in the long run and to overcome the long-time stagnation in cattle breeding;

--to carry out capital investment projects and acquire equipment at a more rapid rate;

--to improve organization and management;

--to regulate more effectively the trend in production costs and wages;

--to insure complete compliance with the khozraschet principles and financing of expanded reproduction of productive forces.

The systems measures must be incorporated in specific measures in accordance and in conjunction with the long-term plans of devleopment of the state farm. If all measures are correctly interpreted and elaborated, an over-whelming majority of state farms will find in the new economic tools a great chance for their long-term perspective development.

It is imperative, however, to attack, without delay and systematically, the problems of development of production and economy and, in accordance with the principles of intraenterprise khozraschet, to define the rights, duties and responsibility of leading workers, to increase material incentives for workers and improve the forms of remuneration. It is necessary also to formulate the rules for mutual relations between sectors and divisions as well relations between divisions and units of work organization and the enterprise.

As to the intraenterprise economic management, the ministry published already in 1978 "Principles for uniform application of intraenterprise economic management in agricultural enterprises" in the GAZETTE of CSR Ministry of Agriculture and Food No 8/78. The rules published by the ministry permit various solutions in accordance with the specific conditions of individual enterprises. This means that neither the center nor the middle levels of management prescribe only one type of organization of intraenterprise economic management because the system of intraenterprise economic management must vary not only according to the size of agricultural enterprises, but also according to their line of production, organization of the production basis, available personnel, level of production forces, production technology, degree of centralization of decision-making and number of workers involved.

Special emphasis must be laid on the stabilization of production basis of state farms and on further improvement of intraenterprise management. The revised tools of economic management will permit every of the present economic groups to operate successfully in all production conditions. After all, there are state farms even today which carry out expanded reproduction at the desirable rate also under the present economic conditions without extra allocations of funds from the state budget and, in comparison with JZD, occupy a prominent place in okreses.

The quantifications of effects of these changes on the economic tools of management (for the reality of 1977) have revealed that we in the CSR have succeeded in bringing the incomes of agricultural enterprises operating in different production areas to almost the same level. We, realize, of course, that specific implications will in very enterprise depend upon its production structure as well as upon the level of mangement of production in question. Moreover, no system can set itself the goal (and the above mentioned measures do not contain anything of that sort) to overcome and eliminate such interenterprise differentiation which originates in the subjective causes, in the lag caused by the mistakes and shortcomings in management or in waste.

It must be pointed out that all possibilities are not yet exhausted of improving the production structure or better utilization of material resources and labor power even in the enterprises operating in best production conditions in which the revised tools of management will adversely affect the production of resources.

The revised economic tools of management will become effective in all enterprises on 1 January 1980 and it will depend on the attitude of every enterprise, whether it will passively register them or whether it will begin to apply them promptly in accordance with the intentions of the system and needs of our society, and also for the benefit of its enterprise and its workers.

10501
CSO: 2400

ITEMS AFFECTING COSTS IN ENTERPRISES VIEWED

Prague HOSPODARSKE NOVINY in Czech 26 Feb 80 p 6

[Article by Engineer Vaclav Maly, ScC, Research Institute of Engineering Technology and Economics, Prague: "What Affects the Costs of the Enterprise"]

[Text] Our Research Institute of Engineering Technology and Economics conducted a study of factors affecting the costs of production in the engineering industry. We analyzed 29 enterprises of 10 economic production units (General Engineering Plans, Tesla, Machinery and Automation Plants, Chirana, Elitex, Plants for Engineering Machinery, Aero, Czechoslovak Automobile Works, Czechoslovak Wagon Works, and Ceskomoravska-Kolben-Danek) searching for a way to draw objective conclusions from the results of analyses made by the method of inter-enterprise comparison. We divided the enterprises under study into five groups and classified the types of costs according to the factors from which they stemmed.

We proceeded from the premise that the structure, character and technological level of the base of production determine the profile of technology and production in the unit of production, and thus, predetermine the manufacture of goods for specific final consumption, with specific functional properties, with specific advantages which then create a specific potential capacity for the production of a specific bulk and volume. Furthermore, the profile of production thus characterized specifies the very type and method of production, and is determined mainly by the following factors:

- The structure and level of the basic factors in the base of production;
- Their correlation;
- The standard of the technological process;
- The consumption of energy in the process of production;
- A closed or open process of production;
- availability of technical preparation for the process of production;
- The level of organization and management.

Five homogenous groups of enterprises were established in accordance with this analysis. Within these groups, enterprises were further classified according to the criteria expressing the share of individual technologies.

Within these already quite homogenous groups we made distinction between enterprises according to their organizational structure; the rate of production (annual production of goods) served as an auxiliary criterion.

What Are the Causes of the Costs?

We studied the effect of the following three factors of production:

- Construction and technology of production;
- Assets;
- Overhead.

While the first of the above-mentioned factors involves direct costs, the second and third of said factors produce indirect or overhead costs where most problems occur.

For that reason we focused on those two factors. We can express the amount of costs merely in terms of their value, which leads to certain complications. For instance, as for the amount of the costs of production, it is on the whole of a limited informative value, because it provides only passive (historical) data, which makes it impossible to assess the objectivity of a certain amount of the costs. Even a comparison of the absolute amount of the costs in a chronological sequence cannot resolve this problem. Therefore, one of the principal methods for the evaluation of the "adequacy" of the costs may be either the inter-enterprise comparison, or interpolation of the costs in some mathematical model, where the volume of the costs appears as one of the components in a causal chain. As a criterion to which we relate the costs we used particularly the following characteristics:

- Assets in the procurement price;
- Assets of the fourth class;
- Manufacture of goods;
- Number of employees.

The numerator of the fraction expresses then the amount of the costs stemming from the effect of a specific factor of production.

Different variants of comparative indicators may be further expanded by the indicator expressing the structure of the assets, computed as a quota of the fourth-class assets in total assets, and by the indicator expressing the depreciation of assets, computed as the ratio of their procurement price and their actual value. Moreover, we devoted considerable attention to those structural indicators that express the share of individual subgroups of costs in total costs stemming from the function of the costs factors.

Only less complicated methods are applicable when testing the results of costs analyses. Tests determining the significance of the difference between the averages and relative rates proved most appropriate for our study. A small computer may be used advantageously for that purpose.

Main Conclusions from the Analysis

The share of the factor of overhead costs in the structure of costs declines with the increasing difficulties in the engineering industry, while the share of the factor of long-term assets increases. Many analogies were evident in enterprises of the Plants for Engineering Machinery, Czechoslovak Automobile Works, Aero, Czechoslovak Wagon Works (heavy manufacture) economic production units; they differed from enterprises of light engineering production (such as Tesla, Chirana, Elitex), with the exception of enterprises with very light series manufacture (the General Engineering Plants economic production units).

In the structure of costs stemming from the factor of assets, the frequently discussed group of costs for maintenance and repairs is particularly interesting. We noted a very low share of those costs in enterprises of the Czechoslovak Wagon Works and Ceskomoravska-Kolben-Danek economic production units, but a relatively high share in enterprises of the Plants for Engineering Machinery economic production unit. However, considerable deviation from the average of the group are evident even in groups of enterprises, and their causes merit a more detailed analysis.

Subgroups of costs I (other overhead materials, outside transport, communications output) and III (overhead wages and salaries, social security contributions, other personal costs) play the most significant role in the structure of costs stemming from the factor of overhead costs. It appeared that the decisive aspect differentiating the share of these costs is the type of production--large lot, series, and piece production.

The application of comparative indicators in supra-enterprise management seems appropriate, because it helps express the consumption of the costs factors in relation to the "environment" (determined, for instance, by the amount of assets, the capacity of production, the manpower fund), in which that consumption takes place. The same indicators may serve as a basis for the planning of standards for overhead costs. The nature of the costs stemming from the factor of assets predetermines such relative indicators for their analysis that express the consumption of individual types of costs in relation to the value of assets which make the process of production possible. The most suitable basis appeared to be the value of total assets and the value of assets of the fourth class.

The factor of overhead costs is connected with managing and administrative operations of the enterprise as a unit. This has an untoward consequence because the costs stemming from that factor cannot be unambiguously correlated with any simple aspect of the function of the enterprise. On the other hand, it serves as a criterion for the standard of efficiency with which the human factor functions in the process of production. We have found that it is relatively most advantageous to determine the relation of the costs stemming from the factor of overhead costs to the fund of human labor.

The ratio of costs in the factor of means of production to the value of the assets declines quite regularly with the problems in engineering production. However, we observed occasionally marked deviations from the average in individual groups of enterprises (for instance, Dias in Turnov, some of the Tesla enterprises, Chirana in Modrany, Laboratory Instruments, Letov, Motorlet, Precision Machine Plants in Gottwaldov). The development of this indicator in the costs of maintenance and repairs is most interesting. We noted there a tendency toward a rise in the values of that indicator from piece manufacture through series production up to large-lot production. In enterprises with large-lot production (enterprises analyzed in the Tesla economic production unit) the values of the indicator which denotes the costs of the means of production to the value of the fourth-class assets amounted to more than double the values in all other groups of enterprises. This circumstance must be considered particularly in conjunction with efforts to switch to specialized manufacture, and thus, to large-lot production. Furthermore, in enterprises with more recent assets empirical values displayed a tendency toward a rise in costs, which at the first glance may seem surprising. Evidently, this is a result of repairs needed for the modern, efficient, but extremely complex equipment.

Empirical data from the area of the overhead factor demonstrate a tendency toward an increase in the share of the costs per one worker with an increasing number of employees in the enterprise. Moreover, the program of production in enterprises affects to a certain degree also the amount of that share. At the same time, we noted a growing trend in the values of this indicator along the line of the mass in the engineering production. We ascertained the lowest average values in enterprises with very light series manufacture (for instance, Dias, Elton in Nove Mesto, Meopta, and in other groups of enterprises, such as Tesla in Kolin, Zbrojovka in Vsetin, and Letov). Furthermore, the empirical data have shown that on principle, the costs of the most significant subgroup, subgroup III (overhead wages and salaries, social security contributions, other personal costs), are affected by the degree to which the production is concentrated. The way to their reduction leads through highly advanced mass production.

9004
CSO: 2400

CZECHOSLOVAKIA

EXPERIMENTING ENTERPRISES SAID 'DROWNING' IN REPORTS

Prague HOSPODARSKE NOVINY in Czech 26 Feb 80 p 4

[Article by Engr. Jaroslav Kvasnicka, Hradec Kralove general directorate, Leather Accessories Industry: "Let's not Drown Ourselves in Numbers: Accounting is a System - Let's Eliminate Unsystematically Collected Data."]

[Text] Our Leather Accessories Industry economic production unit has been carrying out an experiment in efficiency and quality administration for two years now. Therefore in analyzing the work of information system aggregates it is necessary to evaluate not only the assets, but also the liabilities and to undertake all necessary steps to rationalize the information systems and thereby assure the efficiency and quality of all types of work in this area as well. We consider the experimental verification of new types and forms of efficiency and quality management in information system aggregates as one of the fundamental directions and components of our work. Our goal is to better utilize information systems for concrete management work, to stabilize data and to compile reliable data for individual management levels. In this article I shall concern myself with several phenomena which have been occurring with greater frequency in recent years in information system aggregates. In particular, the quantitative aspect has come to dominate the qualitative, a mania for accounting and statistical reports has become more widespread and the volume of administrative work has increased significantly. At the same time one must always keep in view the necessity of obtaining much data in the workshop, plant operation or at an economic center. Nevertheless we ought to request from them only essential administrative data, because these lowest economic levels have a task of the first magnitude: to produce quality goods, on schedule and in the required production mix.

Unnecessary Duplication

It has come to a significant expansion of reports in the field of accounting as well. Major accounting reports have increased, but in addition, reports have expanded in the fields of investment, deliveries and subsidization.

An additional pressing problem when on the one hand we have shortcomings in our labor force and on the other hand we have to reduce raw materials and wage costs, is the duplicate collection of these data and reports, at all management levels, along two lines:

along the economic management line (with various mechanized devices, from desk calculators to computers);

along the government statistics line, with the aid of computers (carried out by Computational Technology Enterprises in all regions and districts).

This practice places great demands on work force levels and costs. But at the same time it would be sufficient to create a little team, from the central economic organs and economic units, with the requisite knowledge of the above problems and with the task of eliminating the above duplication, particularly these time conflicts.

Analyses and inspection of plan fulfillment are an important component of the information system. The CSR Ministry of Industry published its own guidelines for these analyses in 1978, where the suggested minimum covers 45 pages. On the basis of these guidelines the yearly complex analysis and bulletin concerning the results of this analysis were then worked out in our economic production unit and in individual organizations. Although this yearly complex analysis is considered an internal working document, it acquires an official character, and must be produced at all levels with this in view, because it may be requested by branch offices of the State Bank and by the district financial administration. And both of these organs for the most part take advantage of this privilege, even though they will receive the bulletin concerning the results of the analysis a few days later, which contains the important findings and sufficient data to summarize the pertinent fiscal year.

How Much More of the Same?

In the economic production units and related production organizations where the complex experiment in efficiency and quality management has been introduced, it is necessary to prepare still another document. In accordance with additional measures of the CSR Ministry of Industry (principles of evaluation of the complex efficiency and quality management experiment for 1978: 23 pages including tables) it has been necessary to compile a new, comprehensive document. The third, that is, in this series. Both documents, the bulletin concerning the results of the yearly analysis and the evaluation of the complex experiment, have been discussed at two director's meetings and in two time periods. Organs similar to the CSR Ministry of Industry, the Czechoslovak State Bank and district financial administrations obtained them, and a few of these had to assure their own contributions to the discussion of the achieved results. Most of the data is identical to the data in the complex analysis and in the bulletin or vice versa.

The same applies, though to a lesser extent, to our organization. In the Leather Accessories Industry economic production unit the yearly complex analysis had 132 pages, the experiment evaluation 107 pages, the bulletin concerning analysis results 56 pages and the analysis of the in house performance of the general directorate 27 pages. Overall, then, the yearly evaluation of economic results for 1978 was contained, in the case of our economic production unit, in 322 pages. There were about half as many documents, but the same duplication, at other organizations.

It would therefore be advantageous to immediately reevaluate current practice and issue a directive (for instance from the Federal Ministry of Finance), which would be stabilized and applicable to the needs of all administrative levels. Otherwise the volume of yearly analyses, bulletins, evaluations, etc. will inevitably and unjustifiably increase, both in terms of the time needed to draft them and the time needed to compile the necessary data.

The number of recipients of these analytical documents is an additional problem. Although this has not been fixed, it has been increasing at the request of various organs. In 1975, for instance, there were 50 recipients of these voluminous documents, in 1977, 62 recipients and in 1978 we have already sent all of the documents mentioned in this article to 73 recipients. According to the instructions and measures which are at our disposal, these problems will repeat themselves again in the first quarter of this year, when we will evaluate, in our individual organizations, the experimental results for 1979.

Sixty Seven Percent More Reports in Five Years

Only a single concise, objective and critical document should have to be produced in the evaluation and summarizing of the economic results of any enterprise (productive or non-productive). This responsibility would be fulfilled by a bulletin of the economic results for the applicable period, which would contain only the positive and negative trends, especially an evaluation from the viewpoint of the efficiency and quality of the individual components of the production process, and in addition concrete, specifically assigned measures with deadlines for the elimination of shortcomings and the assurance of planned tasks.

It would be desirable to express these tasks as much as possible in terms of specific numerical data to assure clear and uncompromising controllability and in order to provide more time and greater space for thematic studies and factor analyses. By the same token the number of observed indicators and reports has significantly increased in statistics. In 1975 the various levels administered by the CSR Ministry of Industry regularly issued 66 types of statistical indicators. Last year the figure was 93, and this year 108! Three realities have accompanied this trend: first, data and reports have proliferated; second, compilation has been running along two lines (the fiscal and that of the state statistical organs) and third, there is a significant amount of duplication.

Stabilization of Information Systems

It is true that more sophisticated administration will require increasing, and increasingly detailed, data, which will have mutual ties to input and output. It is necessary, however, to reevaluate the contemporary mania for reports, mainly in relation to the recipients of all these reports and variously compiled data, to compile the necessary data for administrative and analytical work, to assure, on schedule, proper documentation and thus avoid the supplementary, uneconomic compilation of data, for instance directly from the primary documents.

Information analysis ought to lead to the motivation of workers who work with the information, and especially to take steps to improve our work and make the whole production process more efficient. The fundamental principles incorporated in these accounting reforms are completely justified and correspond to the management requirements of our productive and non-productive organizations. A systemwide comparison of the planned and actual costs of the whole production process, right at the accounting level, has to create the conditions for an increase in the quality of intraenterprise management through adherence to principles and phenomena which effect the khozraschot results achieved in the separate activities of an enterprise and in its fiscal centers. Because there is never enough time to obtain quality inputs, neither calculations nor budgets are of the required quality. They are the products of imprecise and obsolete morms, technology, materials use and time. Comparing them to reality cannot express the true state of things. Because of ever greater administrative duties, in many cases no time remains for an analysis and elimination of shortcomings.

This overall trend requires more sophisticated and flexible information systems, based on a systemwide approach with the gradual integration of information systems for the optimal utilization of computer technology. It is necessary to create these conditions, and a place, in every organization for the accounting process, so that it may be utilized more completely to increase management competence and the efficiency of the whole production process.

9276
CSO: 2400

BRIEFS

ENERGY FROM WOOD--The average yearly volume of lumber deliveries in Slovakia amounts to about 4.5 million cubic meters. About 35 percent of the total wood waste, however, remains unused in the forests. Several countries have been studying possible utilization of the wood waste such as bark, roots, branches, coniferous tree needles, leaves, etc. Slovakia has been producing yearly from such waste between 80,000 to 100,000 tons of vitamin meal for livestock fodder. The bark and coniferous tree needles can be compressed into a high caloric value fuel used in production of gas having similar properties as natural gas, or for heating purposes. [Prague SVOBODNE SLOVO in Czech 21 Mar 80 p 7]

CSO: 2400

SPRING CULTIVATION TASKS DETAILED

East Berlin PRESSE-INFORMATIONEN in Germen No 24, 26 Feb 80 p 2

[Interview with Reinhard Lemke, deputy minister for agriculture, forestry and foodstuffs: "Spring Cultivation in Superior Quality Is an Important Prerequisite for High Yields"]

[Text] [Question] What specific tasks do the LPGs [agricultural producer cooperatives], VEGs [state farms] and cooperative crop production departments [KAPs] face in the weeks and months ahead?

[Answer] In accord with resolutions passed by the SED Central Committee Politbureau on 22 January 1980 concerning the application of additional reserves to increase production and reduce production expenditures and in compliance with the resolution of the Council of Ministers passed on 14 February 1980 cooperative farmers and workers of agricultural production cooperatives, peoples' farms, cooperative crop production departments, agrochemical centers and kreis agricultural machinery enterprises have spent the weeks just passed in extensive preparations for spring operations.

The sowing of summer crops and planting of potatoes and vegetables of high quality within agrotechnically opportune time periods constitutes the key prerequisite for high and even unit yields. The goal of cooperative farmers and workers participating in socialist competitions is to exceed the planned production quotas in the given natural and economic production conditions by at least 0.5 dt (deciton) cereal units per hectare of cultivable land. Therefore, they are firmly resolved to meet the plan stipulating the acreages to be put under cultivation, till effectively every last square meter of land, use material and financial expenditures rationally and draw on all reserves, past proven experiences and advanced scientific and technical knowhow to maximum extent.

It will be hard to meet the new high standards designed to create favorable conditions for the rapid correction of unjustifiably high performance differences and increase yields, especially of cereals, sugar beet, vegetable and feed crops.

LPGs, VEGs and KAPs and GPG [horticultural producer cooperative] enterprises are expected to put under cultivation crops of good quality on areas of the following manimum sizes: summer cereals 601,200 ha, sugar beet 265,000 ha, potatoes 495,000 ha, vegetables 60,800 ha, seed crops 157,300 ha, fodder crops 955,000 ha, and specialty crops 26,900 ha. In addition, cooperative farmers and workers must harvest 472,900 hectares of cover crops and prepare for planting, apply fertilizer and weed killers on 6.28 million hectares of agricultural land.

The preparations for the planting of the potato crop involve the sorting of 2 million tons of seed potatoes and their timely delivery to LPGs, VEGs and KAPs. To that end additional labor must urgently be provided by local municipal councils in cooperation with GDR National Front committees.

[Question] What does high-quality tilling of fields mean?

[Answer] The visible signs of high-quality field tilling are healthy, weed-free, evenly growing and productive cultures over the entire vegetation period. In the case of sugar beet, for example, an effective planting density of 80,000 plants per hectare must be attained.

The best prospect for mastering these tasks exists in LPGs, VEGs and KAPs, which have permanent work brigades responsible for the efficient utilization of land and the achievement of high yields, plan, organize and are responsible for soil preparation, tilling, field operation...and production input on the basis of best available technologies and standards. The measures missed in ensuring high yields cannot be made up later, not even at increase cost. High morale and material incentives provided by socialist competition play an important role.

What with the widespread use of soil tilling machinery for fertilizer application on cereal crops and the proper applicaiton of weed killers in sugar beet, vegetable and fodder cultures high quality tilling of soil includes abiding by the postulate to follow consistently the once laid furrow.

[Question] What can be done to improve soil fertility?

[Answer] During spring operations high soil fertility can be ensured by high quality and timely field tilling such as deep plowing, seedbed harrowing, fertilizer application consistent with EDP Guidelines, proper drainage and irrigation procedures and high work discipline.

Beyond that, enterprises producing routinely high and even yields such as the crop production LPG Striegnitz, Meissen Kreis, have demonstrated that manure application, adherence to long-term crop sequence plans and the consistent observation of applicable norms markedly influence soil fertility.

The tasks involved in raising soil fertility are the object of meetings on preparing for spring operations which are currently under way in all LPGs, VEGs and KAPs. All kreises and bezirks have been directed to prepare long-term programs.

Campaign plans are being prepared jointly with agrochemical centers postulating agronomic discipline as a prerequisite for high soil fertility and yields and specifying soil and crop management measures designed to meet necessary deadline, standard and quality levels.

8664
CSO: 2300

RESULTS OF FOREIGN ECONOMIC RELATIONS VIEWED

Budapest MAGYAR NEMZET in Hungarian 14 Mar 80 5

[Article by Istvan Vig: "Our Foreign Economic Relations"]

[Text] We are witnessing an improvement in our foreign economic relations. In implementing the guidelines for the development of a long-range foreign policy and the expansion of the production system, both the industrial enterprises and cooperatives, as well as the foreign trade enterprises had a common aim: the balanced national economy produced results promising improvements in the balance of payments in 1979. Foreign Trade Minister Peter Veress was also referring to this in a statement he made recently when he said, "an evaluation of last year's economic trends leads us to conclude that the effect of export-oriented expansion is increasing, and that it is also being manifested in changes in the product structure."

Basic Principles

The resolutions adopted by the Central Committee in October 1977 are thus beginning to make themselves felt. At that conference it was stated that "the situation in the world market made long-standing problems in our economy look better, in particular the fact that the export capacities of industry and agriculture are not commensurate with the potential [markets for them] and lag significantly behind demand."

Our economic relations with other countries, and our role in the international division of labor, are of decisive importance here in Hungary for building a developed socialist society, for achieving the economic-political agendas announced at the 11th party congress and in the party program.

If we were to put compliance with these basic principles onto the scales we could say that, overcoming numerous difficulties, our foreign trade enterprises and their partners have made progress. We should add immediately that while they are to be applauded for having taken the first steps, they should not forget that much remains to be done; this is no reason to stop short, or even less, anything to be conceited about.

The Minister of Foreign Trade presented figures demonstrating (business) turnover trends. He emphasized that the volume of goods exported was far greater than in the preceding year, while imports remained below the 1978 level.

Turnover conducted in rubles continued to increase, with both exports and imports rising. For some products, namely, machinery, light-industry articles and food products, a lag was noted. Grain production and exports fell due to bad weather, but it proved possible to compensate for the deficit. The shortfall in grain exports--this applied to contracts with Czechoslovakia and the GDR--was largely made up for by increased [exports of] sunflower seed, slaughtered hogs, paprika strings and salami. Because of the fresh fruit shortage, wine exports to the Soviet Union were increased.

The volume of trade with our largest trading partner, the Soviet Union, last year exceeded 4.7 million rubles. Exports and imports surpassed the previous year's levels, and trade with the Soviet Union accounted for nearly a third of this country's total exchange of goods.

Manufacturing Specialization

Our enterprises overfulfilled their quotas in trade with European socialist countries. Reciprocal trade in machinery substantially surpassed that of the previous year, and this is considered to be exceptionally important because, on the basis of the existing annual agreements, we were able to obtain machinery and complete installations from CEMA member-states at more favorable terms, at prices agreed upon the year before. In our international cooperation relations, delivery commitments stemming from bilateral and multilateral agreements signed for the plan period also continued last year. In this program, over 90 multilateral and more than 160 bilateral contracts are in effect.

Last year 34 percent of our exports to CEMA countries and nearly 23 percent of our total imports were made under specialization contracts. These agreements provide a solid basis for Hungarian bus and crane production, as well as our computer technology. They serve as a foundation for developing our communications and agricultural machinery industries, for success in the bauxite-aluminum program, for expanding the chemical industry and within it the manufacture of pharmaceuticals. The collective energy system, OPW (General Freight Car Pool], the socialist countries' joint railroad-car pool are functioning as intended.

It is especially worthy of note that machinery and installations constitute by far the largest portion of products produced under specialized manufacturing and cooperation [contracts]. Last year these products accounted for over 75 percent of specialized-product exports and 62 percent of specialized-product imports. The portion of public transportation vehicle industry products in our specialized machinery exports was 52 percent, and that of communications technology, computer technology and precision engineering was over 20 percent.

In our trade with the Soviet Union last year the portion of specialized products was 35 percent in exports and 23 percent in imports.

Surplus

Hungary's non-ruble trade also expanded in the past year. A positive role in the dynamic growth of exports was played by the gradual improvement in the market for material products. It was also fortunate that readily saleable commodity stocks were available due to softening demand at home and the slowing rate of inventory accumulation, and that this occurred in precisely those branches of the economy where external market conditions were also favorable. Exports were greater than planned for rolled stock and for products of the chemical industry, the food industry, and the building and building-materials industry.

Almost one-third of export growth is from the rise in our export prices, and two-thirds is from the increase in volume of exports. There was increased demand in certain groups of products on Western markets. Most of the agreements relating to steel-industry products were utilized, and 1979 was the first full year when the two agreements signed the year before were able to play a role.

Hungarian exports to European countries not in the Common Market grew everywhere except for those to Spain; foreign trade relations with Portugal and Turkey showed the greatest expansion. The greatest growth in exports to advanced capitalist countries overseas was in exports to the United States, which is a reflection of the new commercial agreement and which represents efforts to develop this market.

Our trade with developing nations produced favorable results and its basic targets were met. The export of goods grew rapidly and once more, after years of stagnation, exports of machinery and complete installations rose. Exports to not too distant, rapidly developing, financially stable countries were up: exports to Syria increased by 144 percent, those to Tunisia by 140 percent, those to Kuwait by 50 percent, and those to Iraq by 44 percent.

Some data on the expansion of our scientific and technological ties: 900 Hungarian technicians are working in developing nations, and last year nearly 400 of our citizens participated in training programs in developing nations.

Our foreign trade enterprises, cooperating with the producing cooperatives, are having an increasingly difficult job under the complicated conditions existing in the world economy. Our national economic plans for this year focus attention on maintaining and expanding [existing] markets, trusting that Hungarian products, will reach the buyers in good condition, within scheduled delivery times and in modern packaging.

8805
CSO: 2500

1979 FOREIGN TRADE STATISTICS PUBLISHED

Budapest HETI VILAGGAZDASAG in Hungarian 1 Mar 80 pp 4-5

[Text] The quantity of Hungarian commodities sold abroad last year increased by 13 percent over 1978, while the quantity of commodities purchased abroad dropped by 3 percent. But because the export-price level increased by 4 percent and the import-price level by 5.6 percent, the price changes resulted in that the volume of export in value terms (at current prices) increased by 17 percent, and the volume of import by 3 percent. All this means that the results of Hungarian foreign trade in reducing the balance-of-trade deficit were more favorable than had been planned. The improvement of foreign-trade equilibrium was enhanced by the fact that investments and the population's consumption conformed to the plan, and the buildup of inventories was significantly slower than the previous year.

Hungary's ruble-denominated foreign trade--at current prices, in forints--increased by 6.9 percent in 1979 over the previous year, and within this export rose by 8.1 percent, and import by 5.9 percent. However, the quantities of export and import were slightly below the planned levels. Export fell short of the target particularly in the machine industry, but there were shortfalls also in light industry and the food industry. Within import, the importation of machine-industry products was greater than had been expected, while the importation of chemicals and light-industry products was less than had been expected. The ratio of import- to export-price changes, the so-called terms of trade, worsened by about 2 percentage points last year, because in trade within CEMA the 1979 prices were based on the average of the 1974-1978 world-market prices, which developed unfavorably from our point of view.

Commodity trade with the Soviet Union accounts for nearly one-third of Hungary's total foreign trade. The value of ruble-denominated trade between Hungary and the Soviet Union exceeded 4.7 billion rubles last year. Our export increased by about 8 percent over 1978; and our import, by 12 percent. Within export the share of machinery was again the highest, nearly 47 percent, followed by industrial consumer goods with a share of 21 percent. Within import the share of materials and parts was the highest, nearly 37 percent, but the share of sources of energy was barely two percentage points lower. The trade turnover between the two countries was close to the planned turnover, but the planned quantity of trade was not achieved entirely. In both import and export there are items whose deliveries were lagging.

In trade with the European socialist countries the targets of the annual barter agreements were surpassed by about 1.5 percent. Trade was balanced. At current prices, trade increased by about 10 percent over 1978, and within this export increased by about 14 percent, and import by 6 percent. Mutual trade in machinery was about 16 percent higher than the previous year. In agricultural export, because of the bad weather, we were unable to meet our delivery obligations in a few products, mostly grain. By mutual agreement, however, we substituted other products for the dropouts, and thus in the final outcome our agricultural and food-industry export conformed to the plans. Due to transportation and other problems, there were shortfalls in several items within our import of energy and raw materials. An increase in our import of consumer goods was a preferential task, and this import rose by about 5 percent.

Hungary's nonruble-denominated foreign trade increased by 11.1 percent in 1979. The value of import did not change, but export increased dynamically, by 26.4 percent. In both value terms and physical units, the increase in export was greater than had been planned. So far as our import is concerned, in physical units it was lower than expected, but in value terms it nevertheless reached the 1978 level as a result of the sharp price movements during the year. The dynamic expansion of our export was enhanced by an improvement in the conditions for selling materials on the world market, and also by the higher prices for such commodities. Likewise our export was influenced favorably by the fact that more-moderate consumption and a slower rate of inventory buildup domestically gave foreign trade readily marketable export allocations specifically in those branches where also conditions on the world market were favorable. Exports exceeded the plan in rolled steel, aluminum, chemicals, and in products of the construction and building materials industries. However, we were able to export less farm products.

In our nonruble-denominated foreign trade the development of world-market prices was basically unfavorable from the Hungarian economy's viewpoint, and in the final outcome this worsened by 1.2 percent our terms of trade. This decline was nevertheless favorable, the more so because Western economic research institutes estimate that the developed capitalist countries' terms of trade worsened last year by about 3 percent on average.

In trade with the developed capitalist countries, Hungary's export was 28 percent higher than the previous year, and import declined by 0.2 percent. The balance of trade still showed a deficit, but it was significantly smaller than the previous year. Higher export prices accounted for one-third of the expansion of export, while two-thirds was due to an increase of export in physical terms. The increase consisted mostly of metallurgical products and chemicals, and to a lesser extent of light-industry and machine-industry products. The decline of import stemmed predominantly from smaller imports of farm and food-industry products, and also smaller imports of machinery.

Our largest capitalist trading partners ranked as follows: in export, the Federal Republic of Germany, Italy, Austria, France, England, and the United States; in import, the FRG, Austria, Italy, Switzerland, France and England. Our foreign trade remained highly concentrated: the combined share of the first five countries accounted for 62.6 percent of our total export to developed capitalist countries, and for 65.5 percent of our import from such countries. Our ten largest Western trading partners accounted for 81.1 percent of our capitalist export, and for 85.3 percent of our capitalist import.

In Hungary's export--mostly as a result of the increase of steel and chemical exports--the share of materials and semifinished products was higher than the previous year, nearly 40 percent, and this commodity group continued to lead the other groups. The share of farm and food-industry products dropped to 27.9 percent. The machine industry's share rose to 6.7 percent, due to the fact that our machine-industry export last year was 45.3 percent higher than the year before.

Hungary's commodity export to developing countries expanded at a rapid rate, and exports of machinery and plants again rose after several years of stagnation. The share of these countries in Hungary's import dropped from 7.6 percent the preceding year, to 7.3 percent last year, but their share of Hungary's export rose from 8.8 to 9.1 percent. We increased our export primarily to the relatively close, rapidly growing and financially solvent countries.

Characteristic of the diversity of our scientific-technical relations is the fact that last year about 900 Hungarian experts were working in developing countries, most of them in Algeria, Lybia, Iraq, Nigeria and Angola. Nearly 4000 citizens from developing countries received professional training in Hungary.

1014
CSO: 2500

AGRICULTURAL LAND USE REGULATIONS MODIFIED

Budapest MAGYAR MEZOGAZDASAG in Hungarian No 9, 30 Jan 80 pp 22-23

[Article: "Modifications Implemented In the Interest of Increasing the Efficiency of Land Use"]

[Text] Effective as of 1 January

As we wrote in our magazine's issue No 4, at a press conference state secretary Dr Gabor Soos provided information about the results of work which serves to protect and use the land and about the next set of tasks. It was also mentioned there among other things that based on the experience of recent years, in the interest of better results in land protection and more rational land use, some orders of the statutes had to be modified. In the following we will summarize the essence of statute modifications which went into effect on 1 January 1980.

About the Legal Statutes Which Protect the Land

According to the land protection law, if the state organizations and cooperatives (large agricultural operations) the business of which is agricultural production, allow land to lie unclutivated for reasons for which they can justly be blamed, they must pay a fine. The amount of fine is 1,000 Fts per gold corona [a measure of land quality], which in the case of one hectare of average quality (20 gold coronas) land is 20,000 forints. In the last two years the land offices fined 58 large agricultural operations.

Consistent application of the regulation significantly contributed to the decrease in the ratio of areas left uncultivated in recent years. However, the statute did not require the organs which possess over 80,000 hectares of agricultural land and which do not do agricultural production as business (water management, transportation, etc.) to pay fines in case they fail in their cultivation obligations. Therefore the modification extends the fine paying obligation to all organs which use land--if cultivation does not take place for culpable reasons.

1. The statute in effect until now ordered that the right to own the land be taken away from private persons for failure in their cultivation

obligation, regardless of whether or not the owner could be blamed for failing in the obligation to cultivate it. But in the last 2 years in the practice of applying the law, cases frequently occurred in which application of this very strict law has caused severe unfairnesses. That is, in a given situation the failure to cultivate could not be blamed on elderly or disabled owners. Therefore the modification extended the rule that land could only be expropriated from individuals state if failure to cultivate occurred for culpable reasons. However, in such cases cultivation of the land must be insured by other means.

2. According to the statutes, land designated as agricultural can be used [for other purposes] only if the land is permanently taken out of production. At the same time certain activities--major construction projects, site buildings for mining operations, etc.--do not make it necessary to permanently remove the land from production. This measure has not provided an incentive to the temporary users to return the land designated agricultural to the producers after termination of the interim use. Therefore the statue's modification also makes it possible to make interim use of producing land.

Interim use may extend to a maximum of 5 years and the user must return the land in its original condition. If these rules are observed, the interim user is assessed significantly smaller financial obligations than if the land is taken permanently out of production. With this measure the financial burdens on interim users are decreased and it is in their made interest to return the interim used lands to agricultural production.

3. When new fish ponds were built, the investor had to pay reimbursement for the use of the land for taking it out of production. However, the interests concerned with raising fish and the significant specific investments in fish ponds make it necessary for the investor to be given relief from the obligation to pay reimbursement when a new fish pond is established.

Nevertheless, raising fish as a business qualifies as agricultural production and in essence the land needed for fish pond purposes is not being taken out of agricultural production. Therefore the modifying statutes qualify the fish ponds as land with agricultural designation and thus the investors are relieved from the reimbursement obligation.

4. Practical experience shows that some of the land users do not return their lands into the original branch of cultivation after the three years provided by statute for using land temporarily in other cultivating branches for the purpose of rejuvenation. Keeping precise records on land inventory necessitates that--beyond the sanctions applied in such cases--the land should be on record after the three years according to its actual branch of cultivation. The modification makes this possible, and mandatory.

5. When land is classified as mining land, agricultural production continues on the majority of such land at the same time according to the earlier

rules the user had to pay reimbursement in one lump sum at the time the land was classified as mining land. However, use of the land, actual removal from cultivation takes place only several years later. This requirement places disproportionately large burdens on the investors. Therefore the modification makes it possible to pay the reimbursement fee only in accordance with the actual use, yet in all cases in advance of such use.

6. Practical experience has clearly proven that it is justified to place further restrictions on removing land from agricultural production and that the land users be given even more incentives to use less valuable land. According to the regulation which was in effect, reimbursement had to be paid uniformly for class 5 or better quality lands, without regard for the cultivating branch of the land taken for other purposes. The modification better differentiates, distinguishes according to the cultivation branch and the quality of the land in use. From an agricultural production point of view reimbursement has to be paid for land in the "more valuable" plowland, vineyards, garden and fruit orchard cultivation branches if it has a No 6 or better quality classification, but for meadows, pastures and marshy areas [the modification] specifies a reimbursement obligation if the area is in No 4 or better quality classification.

7. The modification establishes full or partial exemption from the reimbursement obligation for areas to be used for the purposes of water management investments which will serve to improve agricultural production. Thus no reimbursement will have to be paid if the land is used for the purpose of irrigation canals, and for areas used for the purpose of canals and drainage areas for draining detrimental inland waters. Half of the reimbursement amount will have to be paid for establishing water reservoirs if they are suitable for raising fish.

The institution of so-called "partial credit" will serve to cut down the decrease of agricultural production areas. The modifying regulation provides the opportunity for the user of agricultural land for other purposes to reinstate to agricultural production land in equal value which has been unused instead of his reimbursement payment obligation and to take care--perhaps by means of major agricultural operation--to continue using it in agriculture. The new essence of the regulation is: the "value" of land returned to production must be counted towards the sum to be paid as reimbursement for land actually removed from agricultural production.

Other regulations contained in the modification make it mandatory to make temporary or auxiliary use of nonagricultural designated land. Real estate appropriated for various purposes must be utilized temporarily if the possibilities allow. And on special purpose lands--without harming the special purpose--alternative use of agricultural character must be insured, or agricultural production must be conducted on them. If the land user does not fulfill this obligation, a reimbursement obligation is also required.

For More Rational Utilization of the Land

Simultaneously with modifying the above described land protection statutes other regulations were also issued promoting more rational uses of the land. These are:

1. The agricultural producer cooperatives may lease their land which cannot be used in large agricultural operations for a maximum time period of 15 years to members and employees of the producer cooperative, and to (non-affiliated) citizens who are not members of the producer cooperative. Until now the statutes have not made this possible. In order for the lease agreement to become effective, it is also necessary to gain approval of the jaras land office in which the land is located.

2. According to the recent regulations, citizens could lease land for agricultural purposes for a minimum of 50 years. Practical experience shows that this time is too long. Therefore the new regulations have decreased the 50-year minimum to 30 years.

One of the important elements of the new regulation is that the minimum limit of land area taken for extended use until now has been 1,500 square meters (417 square fathoms), has now been reduced to 800 square meters (222 square fathoms). This regulation makes it possible for a much greater number of workers and employees than before to take into extended use state land now managed by the councils.

3. During the last nearly two decades several such pieces of inland real estate with houses on them have become properties of producer cooperatives which they do not need from the large scale operation's viewpoint mainly by means of mergers, but also by other legal formats. In addition to this--mainly on the Alfold [Lowlands] and between the Danube and the Tisza--they also have numerous permanent agricultural buildings which are suitable as dwellings.

The new statute modification makes it possible to sell the above mentioned inland real estate plot with houses on them and the permanent agricultural structures and the land belonging to them to qualifying citizens exclusively for dwelling purposes. The size of land area which can be sold together with a permanent agricultural structure can be a maximum of 1,500 square meters, assuming that it does not interfere with the large agricultural operation or cultivation of the fields. Approval by the land office authority is needed to validate the contracts entered into for both types of real estate.

4. With the exception of land areas in cities and towns which have recreation areas of national significance, the new regulation--in a very narrow sphere and tied to permits by the authorities--makes it possible to buy and sell outlying land areas among private individuals. A private individual who does not practice agriculture as a vocation may also buy land;

inasmuch as he wishes to do gardening, grow vegetables, etc. in addition to his regular work. But in outlying areas only land smaller than 3,000 square meters can be purchased. Even in such cases, only if the land desired to be purchases is

a) unsuitable over the long range (15 to 20 years) for cultivation by large agricultural operation, or

b) the seller's personal or social circumstances (advanced age, illness, etc.) justify this.

The land office authority's approval is also needed to validate such contracts.

8584
CSO: 2500

ENTERPRISES POOL RESOURCES TO IMPLEMENT INVESTMENTS

Budapest NEPSZABADSAG in Hungarian 5 Mar 80 p 10

[Article by Istvan Oroszi: "The First General Contracting Partnership: the Medinvest"]

[Text] The Development Bank Is a Business Partner

The economic associations which serve the rational utilization of resources and better exploitation of opportunities are the enterpreneurial formats which promise much, even though for the time being their popularity is spreading slowly. There are already quite a few agricultural associations operating successfully. The construction industry and the regional project associations formed for the joint utilization of high-value fixed assets and the new partnership relationships which aid in the closer cooperation between producers and the foreign trade enterprises reflect promising efforts. However, thus far there has not been one single example where industrial, construction industry planning enterprises enter into general contracting association relationship with each other on the permanent basis, to implement investments together.

However, most recently there have been a few more alert, more flexible enterprises, the leaders of which understood that in an era of slowdown in the rate of investments they can lay down more secure foundations for their futures if, by distributing among themselves the burdens of risk, they were to jointly undertake such large scale new tasks involving significant financial benefits which separately they would be unable to accomplish. The State Development Bank [AFB] had a major role in this recognition, as it brought the partners together and--for the first time in domestic practice--it itself also "joined in" in the undertaking.

This is how at the beginning of this year Medinvest, the primary contracting partnership was formed by uniting the material and intellectual resources of its participants for implementing domestic and foreign health care investments. This is how Medicor, the largest manufacturer and recognized exporter of Hungarian health care equipment, the Southern Hungarian as well as the Veszprem Megye's State Construction Industry Enterprises which also enjoy good reputations, the Eastern Hungarian Planning Enterprise, and the State Development Bank became founding members. The participants contributed to the 20 million forint "startup capital" needed to create and operate the joint enterprise from their own development funds in the above order, respectively, by 25-25-25-5 and 20 percent ratios. They undertook to share the risks and to receive shares of the business profits in these ratios.

The partnership's members participate with equal rights in the joint enterprise's governing council. The practical tasks of handling the primary contracting projects will be performed by a small staff--10 to 12 people--who are excellently trained, know foreign languages and can also represent the company at competitive foreign negotiations. The technical operating committee first created within the firm's framework has already begun its work. And the first request for also bids has arrived from the capital's city council for major reconstruction of the Laszlo Hospital in Budapest.

We Submit Competitive Proposals

After this, let's see: who expects what from the company, what are the further conditions and perspectives of a successful undertaking?

Dr Istvan Martos, director general of Medicor: "We have been providing and exporting increasing amount of complete health care facilities for about 15 years. However, during this time, practically speaking no two hospitals alike have been built in the country. Therefore we did not even have the opportunity to save some time, money and work with certain repeat technical solutions. It has hardly ever happened that the special health care and medical technology needs could be clarified in time. Usually the hospital's building was already complete--or at least there was an approved plan--and we had to design the equipment afterwards, fitting it to the building, applying expensive, costly, forced technical compromises. We expect the company to gradually eliminate these problems and for rationality to prevail in the joint undertakings. The opportunity will be there, for example, a portion of the planning, construction and installation activities which until now have been done "in series" can be done in parallel and with good coordination and to save time.

"We would already like to begin this year, and within a year or two we would like to develop the joint enterprise's activity. It is true that the expected development opportunities in the Sixth Five-Year Plan will be moderate in this area also, but even so health care facilities of over 20 billion forints may be implemented. Wherever possible, we wish to submit competitive general contractor's proposals for these, which are advantageous to the investor. Under the domestic conditions this is the realistic economic extent of general contracting.

"But there is more involved than this. The frequency of need is increasing on the international market to turn over the health care facilities in general contracting in "turnkey" condition to the consumer. Until now we have either avoided the fulfillment of this, or involved foreign builders in the project. But in the future we will not only be able to undertake to deliver complete health care facilities by means of the joint enterprise, but we will also be able to fully implement hospitals, specialist's offices and health care centers. The first and most important condition for this is that the builders participating in the joint enterprise should specialize, and become real professionals so to speak, in general contracting implementation of health care facilities to meet the requirements of international competition. And just this much more in conclusion: we are glad that the bank--as an organization familiar with major investments by the state--also participates in the company because this way it will be able to offer suggestions based on more direct experience to the government for developing and supporting the primary contracting system."

We Meet the Customer

Mihaly Sipos, director general of DELEP [Southern Hungarian State Construction Industry Enterprise]: "The capabilities of our enterprise and those of Veszprem Megye AEV [State Construction Industry Enterprise] are similar, and the enterprise's policy goals also essentially agree with the company's efforts. Both enterprises have significant design staffs of their own, have their own housing element factory and enough available capacity which with minor modifications can be made suitable for the rapid and professional implementation of health care facilities. By the way, we are right now building a 700 bed hospital in Szeged. We assembled its main building in one month, using housing element technology. With other construction methods this job would have taken as long as a year. In order to implement the minor developments needed for specialization, in addition to the conditions specified in the regulations we requested a grant of a modest sum of state funds from the bank, and the prospects are that we will receive it.

"Within the company's framework we have already started to work out the type variations for standard sizes of repetitive health care facilities. Based on this we can give the investor alternative proposals for the building, for the technology and, of course, for the price. This makes it much easier to give information to the customer and the complicated tasks of making technical and economic preparations for the investment can be clarified faster. With the standardized elements produced with housing element technology we can rapidly and in a variety of forms develop the buildings which are suitable for the purpose and for the investor's demands. The new associate relationship provides the opportunity for better planned, better organized performance of the implementation tasks, to avoid the need for later remodeling, having to chisel holes and take down walls, and for shortening the investment time which until now has been generally too long, for cutting costs.

"Of course we cannot take the housing element technology with us abroad. There we will probably have to establish temporary prefabricating plants at the site, perhaps we will be able to build with domestically manufactured light structural materials and methods. The advantage is very important to us and is very promising that through Medicor which has independent export rights, we will be able to negotiate contracts directly with the foreign customers. This also can accelerate the work, decrease the case-handling bureaucracy and also the costs."

At a Fixed Price, By the Deadline

Peter Havas, director general of the AFB: "Bank participation is quite a customary thing in international practice in such undertakings to the implementation of which important national and economic policy interests are attached. Of course, the AFB participates in the company not because it will receive a share of the profits, but first of all to cooperate in developing the new conditions and methods of the general contracting undertaking. From the national economy's viewpoint it is very great significant that the joint enterprise will undertake projects at fixed prices and that by making use of the advantages latent in the association it will also be able to guarantee that the planned costs and deadlines will be observed. Very often today an investment will begin with a cost projection of 100 million Fts and by the time it is completed it runs into 200 million. Taking this into consideration, in the final analysis the health care facilities contracted for by the Medinvest--even including the general contractor's fee--will have to be completed cheaper and in shorter time than before.

"For this, it will be necessary for the cooperating partners to think and work differently than what they have been used to in general until now. Successful work is conditioned on circumspect coordination of the individual interests which will also exist in the partnership, with the common goal, frugality with time and costs, and stricter observation of the rules of cooperation which bind everyone. After the permit plans are accepted and the general contract satisfying the investor's desires is negotiated and signed, the detail plans--differently from the present practice--will be prepared by the implementing parties themselves, and will be coordinated among them.

"For this very reason in the future there can be no room for the now usual haggling which robs away much time and energy, and for the repetitive and very costly replannings. This is dictated also by the interests of the joint enterprise, because if the investment is late Medinvest is required to give a concession to the customer from the price of the undertaking costing several tens or hundreds of million of forints, which would mean a sensitive business loss for the entire company."

They Support the Initiative

Lajos Szilagyi, deputy minister of construction: "In recent years the builders received much criticism because they were unable to sufficiently meet the implementation requirements of health care investments. I think that the now formed joint enterprise--creation of which we also approved and assisted--can be of much help in solving this problem. In addition, creating the association is also related to the fact that a relative balance is beginning to develop on the investment market. In the new situation the provincial idea of rigidly restricting the construction capacity to within megye limits and limiting the mobility, specialization of the implementing organizations will also generally become unsupportable. Very important interests of the national economy demand the geographic regrouping of the implementing capacities according to need and better utilization of the existing equipment, as well as establishment of new formats of undertaking, joint enterprises to increase the construction industry's flexibility. It is my conviction that within the framework of Medinvest there will really be more favorable conditions than before for optimum coordination of the investors' requirements and of the implementation tasks, for better organized, more efficient work, for the faster and less expensive implementation of health care investments.

"By implementing foreign health care investments the Hungarian builders will be able to contribute to increasing the country's foreign currency income, to increase the export of products of the Hungarian machine industry and also of intellectual products. There is a tremendous amount of imagination in this. Therefore together with the appropriate authorities of the AFB and of KGM [Ministry of Metallurgy and Machine Industry] we wish to support and supply encouragement for following the example in other areas also, to establish this type or similar associations for general contracting."

Obviously the Ministry of Health Care expects much from the partnership, and the councils also expect much since they are directly interested in that good hospitals be built, and that the health care investments be implemented with better planning and more economically than before.

The founders of Medinvest realize it fully that they undertook a task which is not an easy one. "It is not certain at all that our ideas will in every respect fulfill the hopes attached to them"--said Peter Havas in summary. "It is possible that there will also be initial failures, since we are starting out on an untraveled, untried road, we will need to be very attentive and have a great deal of perseverence. But that much is already a result that the partnership's enterprises have committed themselves to a joint, successful enterprise."

8584
CSO: 2500

BRIEFS

STATE FARM EXPANSION PLANS--At a 12 March press briefing Dr Andras Klenczner, managing director of the National Center for State Farms, spoke of 1980 goals of the state farms: Plans call for surpassing 1975 achievement in plant production by 30 percent. Similarly, dynamic growth is projected in production of meat, milk, eggs and wool. Speaking of the 123 state farms, the director said greater results are necessary especially the area of grain production, because it would be advisable not only to sustain but to increase the level of production attained in the past few years. The farms consider this as their goal on an individual basis: this year they hope to harvest 46 quintals of wheat per hectare; corn yields are to amount to 65 quintals per hectare. Furthermore, increases over 1979 yields have been projected for sugar beets, sunflower and potatoes. During the first 4 years of the Fifth Five-Year Plan, farm output increased by 10 percent annually, and a similar increase is planned for 1980. The director was pleased to note that there has been development in the ancillary and service activity of the state farms; this has a beneficial effect on the standard of vertical production. Improved efficiency is the goal of the state farms: the rate of growth should surpass the increase in costs. Efforts are being made to evolve a production structure suited to the natural endowments of the area on which they operate. The farms intend to devote their development sources primarily to completion of investments now in progress which are suited to production of this kind. The development sources which will gradually become freed in the future will be used to supplement existing capacities, for mechanization and to increase farm operating funds. In this way production can be expanded most readily. [Text] [Budapest MAGYAR HIRLAP in Hungarian 13 Mar 80 p 7 WA]

CSO: 2500

OFFICIAL NOTES PROBLEMS FACING MACHINE ENGINEERING INDUSTRY

Warsaw TRYBUNA LUDU in Polish 6 Feb 80 p 3

[Interview with Aleksander Kopec, minister of the machine engineering industry, by Janusz Ostaszewski: "Facing Society's Needs"]

[Text] We are speaking to Aleksander Kopec, minister of the Machine Engineering industry about the development and problems of the electronic machine engineering industry as well as the difficulties and prospects ahead of this modern sector of the Polish economy in the light of the Central Committee guidelines for the VIIIth Congress.

[Question] The electronic machine engineering industry has received 500 billion zlotys in the past decade for development and modernization. What use has been made of these resources?

[Answer] This sum was utilized by a whole sector of which the electronic machine engineering industry constitutes only a part. We have invested 280 billion of this sum. With what results? Our labor output has been increased almost threefold. We are producing four times more goods than previously for the market, and 3.5 more for exports (we are exporting ten times more products to capitalist countries.) In other words, considering that adjustments in investment program had to be made during the middle of the decade to take into account the best interests of the economy as a whole, we have in principle carried out in full 40 specific assignments emanating from resolutions of the VIth and VIIth Congress.

We have a modern industry at present. Particularly in the strongly developed electronics field, many of the production plants are true laboratories--the industry's new generation. In spite of the fact that we are not producing as much as warranted by market demand, our dwellings, our places of work, our urban and rural streets and our farms, after all, are equipped with all the features which in this world indicate a certain degree of civilized development.

At present we are producing 15 percent of the [country's] entire industrial output while consuming a bare 7 percent of the energy allotted to industry as a whole. We have a strong scientific research base and we are amply conversant with technology in the rest of the world. Although not all of our efforts have been successful, we have introduced 250 licenses. We are operating an extensive and specialized co-production undertaking with RWPG countries as well as with many well known establishments in other parts of the world. We are manufacturing 85 thousand products--including electronic products, computers, airplanes, cars and construction machinery, electric irons, washing machines and bicycles. This is after all a measure of modern development...

[Question] Price levels and therefore management efficiency are likewise a measure of modern development. In the public's view, the products you are putting on the market continue to be high in price and they are not always easily accessible...

[Answer] I have often met with such views. However, I would like to bring to mind that a great deal of what is now found in stores in sufficient quantities--to mention only black and white television sets--has become considerably cheaper. The price of the 125p Fiat has not undergone any changes during the last few years. However, since, for many reasons we are unable to manufacture certain products--particularly the best ones--in quantities that would fully satisfy demand, we cannot lower production costs uniformly in every area. However, we are systematically lowering the costs of materials, productiveness is growing, and product quality is improving.

[Question] But quality does not seem as yet to meet standards made possible by modern industry...

[Answer] Yes, this is true. Many of our products are justly criticized by our customers. This is why we have been devoting a great deal of attention to quality improvement. Among other things, we have created within the ministry a special research base which is independent of the producers and which is dealing with this question from the control and organization angle. In searching out the weakest links in the quality chain, we have instituted a process of cost analysis. We are systematically withdrawing from circulation poor quality products, and we shall continue to do so. Quality after all is a function of labor standards and of technological and social discipline. Because machine engineering establishments manufacture very complicated products, the concept of labor standards must have its sphere extended beyond the finished product. I believe that unless the producers' purses are affected by poor quality, society will continue to suffer losses. We are actually trying to put this principle into practice.

[Question] Let us go back to matters related to licenses. It is believed by some that these licenses have often been purchased without an examination of other partners'processes for introducing new products...

[Answer] In the first place, it is necessary to clear misunderstandings which have arisen around the subject of license purchases. For example, the question as to whether we are purchasing too many licenses and the question as to the possibility of replacing them with our own designs has been much debated. The cost of the licenses we are buying--or in other words the expenses incurred for financing development studies outside of our own base--amounts to 10 or 12 percent of the assets allotted to research studies and development. In developed countries, these expenses rate at 30 and even 40 percent. This clear up the question about the scope of our purchases. Those countries obviously do more trading among each other and thus their expenses are covered by their receipts. We do not sell a great deal, but after all, it must be kept in mind that we still have to make up for lags.

It is also significant, that for every 100 units that were spent on licenses, 92 were allotted to the purchase of technological equipment which is never produced in this country, with only 8 units being allotted to the purchase of know-how about the product. We have very capable engineering designers, but because of the weakness of our technology, the length of time required for modernization can only be reduced by acquiring licenses. Such were the costs of making up for our backwardness in various areas. By the same token, 85 percent of all our products are based on our own designs.

To become proficient with licenses requires a great deal of flexibility on everybody's part. A license compels one to take a fresh look at many matters, thus stimulating development. The color sensitive kinescope for example has helped improved the country's glass production technology--a field quite removed from electronics. And what of the innovations induced by the motor transport industry in so many different areas of technology!

In purchasing licenses, we have carried out development assignments emanating from the economic policy of the country. It has not been an easy process. It was necessary to change the production profile of many establishments and to give up producing machinery which was in low demand on behalf of components and co-production systems.

We are reducing the import volume of licensed production. On the other hand, we are having incomparably more voluminous exports. Thus our establishments which are manufacturing hitherto totally unknown generations or products often get the blame for troubles which could have been avoided by our being more flexible and having a better perception of our needs.

[Question] The purchase of licenses does not by itself constitute progress which comes from the further development of these licenses...

[Answer] We are unable to develop all of them because in many areas we do not have a base prepared to do this. There are examples of unsuccessful attempts at improvement, one of them being the failure of washing machine programmers which are causing many problems for us as well as for the users. However, we have developed many other products with good results--electronic ceramics and electronic component licenses are one example, and we have worked out many solutions in the airplane industry. We have at present 35 different versions of two engine models we once purchased from the establishment Leyland. This is a good foundation for carrying out pending large scale program of changing over the compression ignition in the area of motor transport...

I often encounter the question as to whether we could not after so many years of experience allow ourselves to evolve our own model for an automobile engine. My answer: not yet. In countries with an extensive motor transport tradition new models are evolved by close to a hundred specialized establishments working simultaneously. This same principle can be applied to several other production designs. We own only a few establishments. It is another matter with components and assembly parts. We have examples in this area of our engineering designers'capabilities and skills--for example, the compressed air flow carburator which was evolved at the Small Car factory in Biala Bielsk. It is an engineering device which constitutes a large-scale breakthrough.

[Question] Mr Minister, what conclucions can be drawn fro the ministry of which you are the head from the Central Committee guidelines for the VIIIth Congress? How will the establishments which are under the ministry's authority go about carrying out assignments for the economy which have been formulated in the Central Committee's document?

[Answer] The machine engineering industry fills the function of manufacturing the means of production for other sectors. The Polish economy is facing at present a difficult period of having to modernize when only limited import resources are made available. Many branches of our industry also require modernization and further development, as for example the sector for treating plastics. Just as an aside, we are not producing enough machinery for the treatment of plastics, but at the same time there are no buyers for what [little] we are producing. This is an example of how much needs to be done in area of disseminating new technology.

We must remember however that at present we have no sector available which would be capable of keeping pace with the entire economy's means of production and technological equipment needs. Technologies are very diversified, very specific. For example, there is one type of technology in electronics, another type in the airplane industry and another kind yet in the chemical industry. Therefore we see the role of the machine engineering industry as that of producer of a basic, modernized high-efficiency group of machinery, equipment, and motor transport facilities, as well as standardized assembly systems, electronic sub-systems and automation and control schemes.

The tasks assigned to the machine engineering industry in the coming years emanate from two premises: the socioeconomic goals which will be formulated by the party's 13th Congress and the development trends of the world economy to which we have increasingly stronger ties.

We shall aim at extending our participation in the international work distribution scheme in carrying out mechanization and automation programs throughout all of industry while simultaneously implementing efficiency and economy programs, especially in the energy and raw materials fields. The raw materials and subcomponent base will be further expanded on behalf of many industry sectors, and especially the field of electronics. General consumer product manufacture for the consumer will be increased.

Without any doubt, the most sizeable obstacles to overcome will be in the export trade and efficiency improvement areas. These problems will require the greatest dedication on the part of management cadres and on the part of the research and development base or engineering and technical cadres--the greatest dedication also from all machine engineering industry workers. The dedication they have shown up to the present time, their knowledge and their experience vouch for their ability to carry out these difficult tasks.

9275
CSO: 2600

CONDITIONS FOR OPTIMUM FULFILLMENT OF 1980 PLAN EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 51, 21 Dec 79 pp 7-8

/Article by Mircea Pirjol, director in the Ministry of Technical-Material Supply and Control of the Management of Fixed Assets/

/Text/ Concommitent with the efforts being made in each enterprise and industrial central for fulfillment and overfulfillment of the plan for 1979, special attention is being given to finalizing the preparations for next year's production. Practice has proven that fulfillment of the plan under good conditions is determined by timely assurance of all the material-technical conditions. For that reason, implementation of the proposed technical-organizational measures in the short period remaining until the end of the year can permit a good and vigorous start next year, the last of the current five-year plan.

In this regard a basic role belongs to the provisions on the development and assurance of the base of raw materials and materials and on utilization of material resources and fixed capital with high efficiency. As the party's secretary general emphasized in the report he presented to the 12th party congress, "We have available everything necessary in order to fulfill this year's plan tasks in good conditions and I am expressing my conviction that our heroic working class, the peasantry and intellectuals and all our people will do everything for complete fulfillment of the current five-year plan, thus assuring even more powerful consolidation of the national economy, continuous growth in our country's force and strengthening of socialist Romania's independence and national sovereignty.

Proceeding from the imperatives demanded by good preparation for the 1980 plan and taking into account the activities carried out along this line until now, we feel it is necessary to place before the cadres in the economy several of the priority problems which must be solved by the close of this year both in the process of developing the activity in the first quarter of the new plan year.

Economic Contracts at the Level of All Production.

A decisive role in the good development of activity belongs to assuring the continuity of deliveries of raw materials, materials, subassemblies, parts without any interruptions from the first day of the year. As we know, even this summer quotas of materials were established on the basis of plan figures by ministries, centrals and enterprises and, on this basis, relations were determined between suppliers and beneficiaries and specifications for assortments were drawn up for the great majority of materials. In this framework it is particularly important for each unit to take all the measures requ iredwith a view to January delivery and for the first quarter of 1980 as a whole, that is, delivery of the entire planned physical production. For this it is necessary for the following:

Each supplier should assure programing of the means of transport needed in January 1980, primarily cars for mass transport, even now;

Assorted stocks, which would permit continuation of deliveries starting with the first days of the coming year, should be established in the county bases of material-technical supply and well as the specialized bases. Priority should be given to rolled steel and other metallurgical materials in the first days and weeks of the coming year fordelivery of what is left from 1979, products which are conditions for finalization of some products being manufactured, giving absolute priority to the varieties intended for execution of technological equipment for investment projects whose schedule for being put into operation is the first part of 1980;

Finalization of all actions to finalize the economic contracts for 1980. In recent months a number of plan parameters have been reexamined and improved, proceeding from the need to better assure domestic needs and, for export, to adjust the size of some imports, taking into acccount the evolutions on the world market. Clearly, such measures are necessarily reflected in material balances, in resources and planned destinations and this means some corrections in the economic contracts concluded. Currently what is the situation of putting the finishing touches on and giving final placement to the contractual relations for those products where the changes mentioned appear?

Whereas things are in an advanced stage of preparations for next year, including perfecting of contracts, are concluded for a large number of products and for assortments and sizes, therestill are some areas which have lags and on which the ministries, centrals and enterprises should concentrate all their efforts.

For metallurgical materials the distributions were issued in general and contracting for ferrous and nonferrous rolled steel began in the iron and steel combines and enterprises. Yet the action must be given an impetus so that all the contracts are concluded in not more than one week. It is necessary for the Ministry of Metallurgical Industry to solve the as yet incompletely solved problems on time with regard to assuring rolling bar strips and other semimanufactured parts needed by enterprises as well as programing some varieties for domestic production which no longer will be imported next year.

A review and finalization of contracts as efficiently as possible since there are big delays for some chemical products, particularly paints and varnishes, tires, technical articles of rubber, sodium silicate and others and for carboard and for electrotechnical materials and products. Actually in these areas,the problem lies in finalizing and making the necessary specifications in the material balances, taking into account the changes which have occurred both in the structure of production as well as its destinations. At the same time, distributions by centrals and consumer enterprises should be reviewed, taking into account the tasks for a more intense reduction of consumption standards and using resources only for products with assured sale.

There is great importance and urgency in concluding the programs for interplant cooperation and collaboration, particularly in the machine construction, chemical and light industries. Our example is of an as yet unsatisfactory situation with regard to assuring bearings, electric motors, reduction gears, forged parts and other similar products and semi-manufactured parts which have a decisive role in the activity of the machine construction industry. Since a number of shortcomings in previous years as well as in 1979 were caused by transfering the manufacture of some products from one unit to another without a well-based preparation beforehand, it is necessary that the Ministry of Machine Construction Industry and centrals under it--primarily the Industrial Central of Electronics and Computer Technology and the Industrial Central of Motors and Electrotechnical Materials in Bucharest--make sure that the transfer of a product or semi-manufactured part is made only after the assimilation , technology and mass manufacture are put into shape.

Timely conclusion of relations of optimized transport for mass materials needed to fulfill the investment program. Primarily we are referring to cement, pit ballast and pit products, ceramic bricks, prefabricated parts falling into the activity of the units in the Ministry of the Forestry Economy and Construction Materials but also we are referring to mining, chemical, iron and steel products and so forth. The current stage of things permits, with a concentrated effort, the finalization of calculations in several days and establishment of the particular flows by each central which coordinates the balance. What is essential in all these operations which finalize the contracts is the fact that they do not have to produce any kind of disturbance in the steady assurance of supply, with each supplier being required to assure continued delivery to his beneficiaries of the quantities needed for continuity of production in January and the first quarter of 1980, even if some contractual details still have not been completely explained.

Stock Levels: In Agreement With the Demands of Production

There is particular importance is assuring the transition stocks for next year at an appropriate level and establishing the winter stocks, in conformity with the plan provisions, for raw materials and materials which pose difficult problems of loading, transport and unloading. As a result of the measures taken several months ago, these preparations in many enterprises have moved appropriately and the stocks for raw materials and basic materials for production, construction-assembly, transport and so forth have been assured. Despite this, there still are unsolved problems which require continued efforts.

At this time special attention should be given to deliveries of raw materials and materials intended for the iron and steel industry--coke, coking coal, iron ore, ferroalloys,calcite--for which the rate of loading and shipments from the producers and the ports should take place strictly in conformity with the daily timetables. This depends on assuring the continuous operation of all the cranes and on continuously assuring the cars and ships necessary through measures for immediate unloading at the beneficiaries. In particular there should be a higher rate of deliveries of calcite from the Mahmudia Mining Operation in order to establish the necessary stocks at the Galati Iron and Steel Combine during the period that the Danube still is navigable. Problems also are posed with regard to speeding up deliveries of foundry sand from the production enterprises in Anghires (Cluj County) and Valeni (Prahova County) so that the stocks for the big consumers are assured at the normalized level.There also is great importance in intensifying soda deliveries to the cellulose and paper factories as well as for the window factores and for aluminum production. That is why the production enterprises in Borzesti, Govora, Ocna Mures should take the necessary measures so that the daily deliveries are at the quotas planned.

Secondary Resources--Totally in Production Circulation

Assurance of the material base for 1980 and the material balance of the plan are conceived of under conditions of a sustained growth in the contribution which recoverable and reusable raw materials and materials should make. Such an option is fully justifiable, given the more and more difficult and complex problems posed by assuring raw materials on the world market and under conditions of extending and intensifying the energy and raw material crisis.

The particular importance of the provisions in this area is reflected by the fact that the recoveries and reuse of material resources next year resulting from production and consumption process whould participate to a greater extent to covering the domestic need.

In 1980 the volume of recovery and reuse of materials will represent 43 perent for steel, 40 percent for copper and lead, 30 percent for technical articles of rubber and rubber conveyor belts, around 40 percent for wood, fibrocellulose materials, scrap paper and so forth. In 1980 15-30 percent more than in 1979 should be collected and utilized for these resources.

Several qualitatively new elements characterize the tasks for recovery and recycling of these resources starting in 1980:

The tasks for recovery and utilization no longer will be established as a whole but the quantities of materials which are to be utilized as such will be specified, without prior change in the physical-chemical and structural nature of the particular material. For example, for rolled steel, the quantities of lamella, waste ends and so forth will be established for each consumer enterprise; they should be recovered as such and delivered to other beneficiaries on the basis of distribution in case these wastes do not find a use in the enterprise they come from. A large portion of the consumption needs of the cooperative, of local industry and of some units which produce small parts should be assured in this way and not through cutting the particular parts from new materials. Such tasks are not being posed only for ferrous metals but also for nonferrous metals, textile materials, leather, some plastics, wood wastes and so forth.

Energetic measures to organize collection and utilization activity in each enterprise. It is a question of creating some formations, workshops, sorting sections, precutting and carrying out some simple processing operations and preindustrialization of all categories of recoverable materials. In other words, a true industry should be organized for the recovery and utilization of materials,with plan indicators and specific parameters of work, differentiated from the ones of the base industries, precisely in order to create the conditions which are most favorable for maximum development of these activities.

The recovery and utilization of secondary energy resources at an intense rate for the purpose of substantial savings on fuels, particularly hydrocarbons. There still are approximately 4 million tons of conventional fuel of such resources in the national economy which still have not been recovered. In conformity with the provisions in the programs for utilization of them, all efforts must be concentrated on the manufacture, delivery and installation of recovery boilers, preheaters of air and other specific equipment. At the same time, research should be finalized during the next year and the design of means should be achieved for recovery of some quantities of heat from nonconventional rsources, such as heat from rolled steel, cinders and warm ashes, low-temperature cooling water andmany others.

Decisive measures must also be taken for the recovery of used tires for recapping. Paradoxically, many enterprises claim a lack of new tires although they do not turn over the used ones for recapping or do not deliver them under appropriate technical conditions to be recovered. Industrial experiments made recently at the Victoria Enterprise in Bucharest confirmed the possibilities for recapping tires for trucks with metal cord. The task of primary urgency is having the Ministry of Chemical Industry and the industrial central manufacture a number of such dies to supply all the six recapping units now in operation at the necessary level.

High Parameters of Use of Fixed Capital

A decisive condition for fulfilling the plan provisions for the next year is growth in the efficiency of use of fixed capital and fulfillment of the planned indicators of utilization. It should be pointed out that there still are big reserves for better use of machinery, equipment and installations, including the reintroduction of unused ones into economic cirulation. Thus, for machine tools the planned degree of utilization is being achieved by not more than 2 percent this year. If only a 1-percent growth in indicators of use of metal-processing machinery were obtained, this would allow an annual growth in production at the same capacity of around 3 billion lei. What are the most pressing problems currently in this area in order to obtain high parameters for each piece of machinery, equipment and installation?

Increase in exactingness with regard to the supply with new equipment. They should be distributed only in those places where and when the planned indicators of use are reached for all the fixed capital supplied;

Improvement in the organization of maintenance and repair activities, in respect for the review and regular and capital repair programs so that all the equipment and machinery supplied operate without interruption throughout the planned period;

Timely assurance of spare parts. The problem must be approached in a new view in the sense that the used parts should be recovered in their entirety and subject to reconditioning for their reuse. Any part resulting from the disassembly of shelved equipment or those being removed from use during repair should be reintroduced in its entirety into economic circulation, a fact which will assure a supplementary contribution of parts valued [illegible] several hundreds of millions of lei annually.

8071
CSO: 2700

ROMANIA

INDUSTRIAL CONSTRUCTION MINISTRY ANALYZES PROBLEMS

Bucharest REVISTA ECONOMICA in Romanian No 51, 21 Dec 79 pp 9-10

/Article by Dan Condrea/

/Text/ The efficiency with which the units of the Ministry of Industrial Construction implemented some measures established in the general meetings of workers' representatives at the start of last month and strengthening of discipline in carrying out the working programs as well as the favorable atmospheric conditions were among the factors which brought plan fulfillment for assembly-construction in November for the ministry as a whole and overfulfillment of it, particularly in projects for chemical industry, agriculture and the food industry. The industrial construction trusts in Cluj, Braila and Oradea and the trust for industrial project insulation in Bucharest are some of the units which created conditions for fulfilling the annual tasks. In 11 months some 344 large production capacities were built of the plan for 1979 starts into operation, of which 32 were put into national economic circulation in advance; the construction-assembly projects were completed and turned over to the beneficiaries for another 115 capacities, 45 of which were in technological testing.

These partial results, however, do not lessen the unsatisfactory total situation. According to preliminary reports, the minister will end the year with lags both in the value plan as well as the physical plan.

Proceeding from the indication given in his report to the 12th party congress by the party Secretary General Comrade Nicolae Ceausescu, which emphasized that "special attention must be given to timely achievement of all investments and they must be of appropriate quality and to having the new projects enter into production within the terms established and to having them operate at the planned parameters," the leadership council of the Ministry of Industrial Construction at a recent meeting analyzed the stage of preparations and measures which should be taken with a view to exemplary fulfillment of the 1980 tasks, precisely through the prism of the lessons learned from the shortcomings demonstrated and the difficulties which have appeared until now.

Urgencies of the Current Stage

In the last year of the five-year plan, of the 670 industrial and agrozootechnical capacities which are more important and whose start into operation is provided in the single national plan for social-economic development, a large portion are to be executed by the Ministry of Industrial Construction, which also must build a large number of other production projects.

From the analysis made, we see the opportunity and necessity for maintaining the work rate at the level of this month's program; the main conditions exist, either in actuality or potentially, and they should be carried out through the energetic and efficient action of the leadership factors at all levels of the ministry system.

Since the sizes of the plan and distribution on the territory of the investment bring an unbalanced loading of various units' capacities, the first measure required is to redistribute the jobs which would flatten out the curve of effort; the faster the formal and organizational phases of this action are resolved, the faster the volume and duration of disturbing effects involved with delivery-takeover, the shift of means and numbers and entry into the work pattern and so forth will be lessened.

The way in which the lags this are localized requires that several priorities be kept in mind for the next period in the utilization of the trusts' production capacities;

Concluding the construction projects for the capacities which were not put into operation on schedule this year, so that the technological equipment owed can be assembled immediately following their arrival on the job site and the particular projects can be turned over as quickly as possible;

The concentration of necessary production resources and forces for the chemical industry investments, which represent 27 percent of the presumed lacks of fulfillment for 1979 and 33 percent of the construction-assembly production plan for next year;

Having the construction units respect the timetables for terms to open the working fronts for the assembly and technological installation subenterprises with a view to consuming the existing stock of equipment on the job sites. Although the assembly program for the current month is marking a peak, especially since the deliveries of equipment in November exceeded the level forecast by nearly 50 percent (as value), working fronts with timetables falling due were not carried out for a volume of assemblies equal to 58 percent of the specialized trusts' monthly task. The industrial construction trusts in Iasi, Craiova and Bucharest have the highest number of unhonored duties in this regard.

The decision adopted by the ministry's leadership council--that special projects in the program of the joint working fronts for the first quarter be finalized between the construction, assembly, installation and insulation units in this 10-day period--must be fulfilled unconditionally, giving priority to those fronts which can assure not only the highest possible overall production but also the assembly of a maximum volume of equipment with a view to putting the particular projects into operation.

Although we are in the middle of winter, some job sites still have not concluded all the projects forecast in the programs for assuring normal working conditions when it is cold, which limits the opportunity to the existing number of workers. The urgency of enclosing the halls (even on a provisional basis where it is not possible any other way), insulating them, heating the areas will permit the projects to be executed without interruption for foundations, assembly of equipment, flooring, installations and finishing. Seasonal aspects also intervene in the area of material-technical supply, starting with completion of the cement reserves, aggregates for concrete, fuel, lubricants at the level necessary and continuing with the redistribution of materials in stock within the units and between the units depending on the requirements of the jobs and ending with appropriate set-up of the roads on the job site with a view to the easy travel of mobile equipment and means of transport.

Organization and Discipline

The shortcomings still persisting in the organization, supervision and control of job site activity correctly have been identified by the collective leadership organ of the ministry as among the causes for the current lags in some units.

The fact is that the means of leadership have been created and invested with authority, means which stimulate and even oblige them to have better organization but strict discipline in applying them has not always and everywhere been estab

For example, we refer to the system for programing, launching and following up on production, conceived of scientifically, but still not assimilated on a number of job sites and introduced and later abandoned on others.

More telling, however, is the example of the programs by categories of jobs. Proceeding from the physical stages which must be reached, by stages, in order to assure respect for the schedules for placement into operation and correlating them in large lines with the planned volume of production, with the real possibilities for execution and with the needs of the working front of various specialties, this method sets the size of and follows up on the physical tasks in key sectors of the technological flow by 10-day periods, months and quarter at the level of the job site, group, trust and centralized by ministry, tasks such as earthwork and special foundations done mechanically, cast concrete, reinforced concrete prefabricated assemblies, metal constructions of technological equipment. Correctly evaluating the value of such orders for activity, which at the same time guarantees a sensible use of construction machinery and workers in the main trades, the Brasov Industrial

Construction Trust established mobilizing programs and organized and checked on fulfillment of them (for concrete, for example, a quantity which was 5 percent higher than forecast was worked in October-November); as a result, the preliminary forecast for this quarter is a production which is one-quarter higher than the volume planned, nearly totally recouping the lacks of fulfillment from the previous period. At the opposite pole, the Bucharest Industrial and Agrozootechnical Construction Trust has remained considerably behind, particularly at the Giurgiu platform, compared with the programs for earthworking, concrete, metal construction, creating difficulties for the subcontractor of technological assembly, so that activity in the fourth quarter has emphasized the lags for 9 months instead of lessening them.

Logically, the conclusion is that the operational plan and the physical programs which substantiate it in the organization and development of production for 1980 should not be considered a guide whose application is voluntary, but rather a compulsory standard, derived from which are specific tasks up to the level of working formations and commitments in the contracts for bargaining by the job.

Sensible Utilization of Potential

For the first 9 months of 1979, labor productivity marked only a 2-percent increase compared with the corresponding period last year, remaining several percentage points below the plan. For construction-assembly activity, of the 21 units in the ministry, only 9 fulfilled and overfulfilled this indicator in proportion to net production (while there were 5 in proportion to total production).

In absolute values, the difference between the trust with the poorest results (Pitesti Industrial Construction Trust) and the one heading the list (Braila Industrial Construction Trust) rises to 40 percent, not being justified except to a small extent of the structure of jobs.

The causes of this situation must be well studied so that full utilization of material and technical potential can be assured in 1980 with a view to achieving the most exacting quality parameter of the plan.

At the end of last month, of the total number of measures falling due as provided in the programs to increase the units' labor productivity for 1979, only 2 percent were not applied. However, this statistic tells us nothing if we do not analyze the quality of their achievements.

The table below illustrates the way in which action was taken to exploit the main factor of growth in productivity--technical progress. The figures refer to the level attained by the units with the poorest and then the best results and to the average achievements by ministry in extending the methods for industrialization of the projects of cast-in-place concrete. We mention that not one of the measures cited represents a latest innovation in the ministry's activity with special problems of assimilation, that technical resources were not lacking (for example, average production per unit of capacity for concrete autopumps represented only 70 percent of what had been forecast) and that the average obtained by ministry for some measures is below last year.

Level Programed for 1979 and Level Reached by Ministry of Industrial Construction Units for the First Nine Months in Applying Certain Measures of Technical Progress

	1979	9-month achievements by units		
Provisions of technical progress	Program	Minimum	Maximum	Average
Preparation of concrete in centralized stations (Percentage of total volume of concrete prepared)	95	89.4 (Timisoara TCI)*	100 (Craiova, Ploiesti TCI; Bucharest TCIAz)**	98.5
Transport of concrete with wet mixers and concrete mixers (percentage of total volume of concrete prepared)	90	69.6 (Iasi TCI)	100 (Braila, Oradea TCI)	86.7
Pumpcrete placement (percentage of total)	40	4.8 (Braila TCI)	41.7 (Timisoara TCI)	15.6
Use of industrialized forms (percentage of total area formed)	70	25 (Cluj TCI)	95 (Iasi TCI)	54.8
Utilization of welded parts of steel-concrete (percentage of total volume of reinforcements)	10	.5 (Cluj TCI)	16 (Midia TCCh)***	5.2

* TCI= Industrial Construction Trust
** TCIAz= Industrial and Agrozootechnical Construction Trust
*** TCCh= Chemical Construction Trust

Judging by the data in the table, by the waste of labor force recorded by some units (maintaining more workers than necessary, unjudicious correlation of the size and structure of working formations with the category of jobs to be executed, deviations from the methods for paying by the job), by the slowness with which the lack of workers in some basic vocations is solved by the organization of qualification, by the passivity shown toward the quality of the technical solutions in the designs (percentage of prefabricated concrete in total volume of concrete placed fell from 17.2 percent in 1978 to 15.8 percent in the first three quarters of this year), it seems to be a primary obligation for the workers councils in the trust to strictly seek the complete fulfillment of all the provisions in the single programs of measures for 1980 and on schedule with regard to raising labor productivity.

Conditions Which Depend on the Beneficiaries

The 12th party congress documents stress that an indispensable condition for carrying out the investment program for the next five-year plan is solid preparation of the jobs so that no investment starts before the technical-economic studies and execution designs are approved.

Since 1980 will mark the finalization of the investments for this five-year plan and the start of many projects which are scheduled to be placed into operation in the 1981-1985 period, it is necessary for the responsible factors, primarily the direct beneficiaries and holders, to take action starting right now to solve all the problems which are conditions for steady activity on the job sites.

At the start of this month, the executable documents received by units in the Ministry of Industrial Construction covered only 65.7 percent of the plan value for 1980, with jobs for agriculture and the food industry, for light industry, metallurgical industry, wood and construction materials industry being below this average. At the same date a large portion (46 percent as value and 72 percent as number) of new investments to be attacked next year still were not approved and they total one-fourth of the ministry's construction-assembly plan.

It should not be forgotten that receipt of the designs and opening of financing for the builder mark the launch of the countdown which, until the actual start of work, includes the study of technical and economic documents, formulation and solution of any eventual objections (involving sometimes improvements of solutions), ordering the necessary material resources from the suppliers, programing and organizing the jobs, organization of the work site, assuring the equipment and labor force on the job. Condensing these phases in time cannot be done beyond a "safety limit" on which depend the quality of preparation and, as a result, the quality of production activity. The problem is also posed in the same terms for assuring designs for technological equipment and ordering them at the machine construction plants. At the assembly rate of November, the existing stock of equipment on the job sites at the start of this month could be liquidated in 56 working days and this rate now is considerably more intense and shortly will have to be supplied in continuation.

The builders of the new plants and factories have the opportunity and duty to join the nation's general effort for exemplary fulfillment of the current five-year plan and for preparation of the next one along the coordinates established by the recent forum of communists. Using the resources available to them as efficiently as possible, the builders and the collective leaderships of the units must assure materialization of the 1980 plan in industrial production and agrozootechnicalcapacities built in short times and of a quality which corresponds to the requirements of operation at the level of parameters forecast.

8071
CSO: 2700

EXPORTS, IMPORTS IN AGRICULTURE-FOOD INDUSTRY

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 4 Mar 80 p 6

[Article by Milorad Urosevic: "Deficit Twice as Large"]

[Text] Reduced exports and larger imports of food, above all grains, for whose production the country has exceptional objective conditions, contributed in large measure to the results in foreign trade last year, which were less favorable than planned and were realistically anticipated. Moreover, there also exist all other prerequisites for grain production: agricultural machines, personnel, up-to-date soil and crop practices and readiness of producers, especially private farmers, who hold about nine-tenths of the fertile area and the livestock, but there are several reasons why food is nevertheless being imported, amounting last year to 26.7 billion dinars.

There is a particular need to emphasize these facts at this particular moment, when much is being said in numerous meetings about the autumn planting plans that were not fulfilled and also other limiting circumstances, the most essential of which are certainly that firm relations do not exist between the public sector of agriculture, including the highly diverse and usually oversized food processing industry, on the one hand, and private producers and suppliers of raw materials for processing capacities on the other. After all, until this kind of relation is established and until private farmers feel confident that they can sell everything they produce on the basis of the recommendation and thereby earn income, it will be difficult to find ways of reducing the trade deficit of the agroindustrial complex.

And that deficit, which is twice as large as last year according to the converted indicators of the Federal Bureau of Statistics, is by no means to be underestimated.

It is evident at the very first glance that the surplus of the food processing industry has diminished appreciably, and this deserves an additional explanation. Certain branches of this industry, meatpacking houses among others, imported considerable amounts of raw materials last year--meat for processing--but in accordance with the Uniform Classification of

Activities records are kept for the principal production activity, animal husbandry, which therefore shows high imports and a considerably smaller surplus than really occurred. The next most important surplus was the beverage industry, which increased its contribution by an appreciable growth of exports, and then comes animal husbandry, and those are the only activities of the agroindustrial complex that showed a surplus.

Exports, Imports and Deficits in 1978 and 1979

Activity	1978 Exports	1978 Imports	1978 Difference	1979 Exports	1979 Imports	1979 Difference
Food processing industry	7,223	4,921	+2,302	7,668	6,028	+ 1,640
Beverages industry	850	150	+ 745	1,062	170	+ 692
Livestock feed industry	41	155	- 114	54	152	- 98
Tobacco industry	154	14	+ 140	96	108	- 12
Cropping	3,199	6,401	-3,202	2,777	11,213	- 8,436
Animal husbandry	1,528	1,525	+ 3	1,990	1,733	+ 257
Other agriculture	346	6,153	-5,807	409	6,914	- 6,505
Fishing	183	387	- 204	251	374	- 123
Total	13,524	19,661	-6,137	14,307	26,692	-12,385
Coverage of imports by exports			68.8			53.6

The greatest influence on these unfavorable results was exerted by imports of the products of cropping, above all corn and wheat, which were almost twice what they were last year, while exports dropped at the same time, which is understandable since there was not enough of these products even to meet domestic needs. Then comes the appreciable growth of the deficit for miscellaneous production, which embraces a very broad assortment of products, including tropical fruit, and after that is the livestock feed industry, tobacco, and fishing, all of which contributed to these results. Exports in 1979 increased 5.8 percent over the previous year, but imports showed a growth of 35.8 percent, so that the coverage of imports with exports dropped from 68.8 percent to 53.6 percent, and the deficit increased by 6,137 billion to 12,385 billion dinars, or 102 percent. There is no doubt whatsoever that a bit more detailed examination of the data on all the things imported by the agroindustrial complex, which is a separate topic, will reveal that purchases are being made of things which we do not need, or not in such large amounts, and also that there are objective conditions for exporting large amounts of so-called secondary products which have unjustifiably been neglected in the export orientation of our foreign trade.

It does not seem realistic to expect that the deficit of the agroindustrial complex will be reduced to a supportable level solely by exporting grains and meat and certain other products which are also in short supply. But taking advantage of other possibilities, which are very important, could contribute a great deal to this aim.

CUBAN-YUGOSLAV CREDIT LINE, TRADE IN 1980

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 4 Mar 80 p 2

[Article by A. Petrovic: "The Domains of Economic Cooperation Have Been Defined"]

[Text] Talks on past and upcoming commodity trade, joint investments and financial cooperation were completed toward the end of last week with the signing of the Protocol on the Meeting of the Yugoslav-Cuban Joint Commission for Economic Cooperation. The protocol was accompanied by lists of products which the two sides have proposed for trade, and they indicate most concretely the desire and effort to arrive at a more diverse range of commodities, which in previous years consisted mainly of Yugoslav ships and Cuban sugar.

The most recent lists proposed by the two sides contain the following: for Cuba's exports--coffee, cocoa butter, citrus fruit, rice, molasses, nickel, copper, cement, rum, canned lobster, etc.; for Yugoslavia's exports--tires, chemical dyes and pigments, pharmaceutical products (vitamins), laboratory glass, a floating dock, parts and equipment for the production of building materials, equipment for the chemical industry, electric power substations and other high-voltage electrical equipment, and devices for irrigation.

The Yugoslav and Cuban economies are very interested in and stimulated by the newly opened line of credit which at present is $40 million furnished jointly by two commercial banks (others may join in), which considerably augments possibilities for concluding transactions requiring sizable investments. It is agreement on these questions that has been very effective in the talks that took place during the meeting of the joint commission. It remains only for the three well-known arrangements (floating drydock, electric power substations and resin factory) and probably certain others to be set forth in detail by the end of this year. There is a great deal of talk about exploration for petroleum in Cuban coastal waters, which is a field of interest to both sides.

Yugoslavia and Cuba have possibilities as two developing countries to cooperate on third markets as well. During this meeting the Cuban delegation stated those fields which are possible from its standpoint and emphasized its interest in putting certain transactions into concrete terms. It emphasized at the same time that the Yugoslav experience in transactions of this kind can be of great help.

Scientific-technical cooperation, which is the concern of a subcommission, has a certain tradition, but its volume still does not reflect the needs and interests. The program was carried out for the 1978-1979 period, and new forms of cooperation are envisaged for 1980-1981: in the pharmaceutical and chemical industry, and the Yugoslavs also made proposals for the fields of pharmacy, forestry and the electrical products industry.

Even in 1980 commodity trade should show better results than last year, when the total volume was nearly $20 million. A figure of $30 million or even higher is regarded as altogether possible this year. The most important aspect of that sizable increase--though the absolute amount is rather modest--is felt to be that the fields and possibilities for cooperation have been defined, said Dr Slobodan Gligorijevic, member of the Federal Executive Council and chairman of the Yugoslav section of the joint commission. From that standpoint an effort should be made to strengthen those fields of cooperation which can be lasting so that slow progress is made in them.

Angel Gomez Trueba, chairman of the Cuban section of the joint commission and vice chairman of the State Committee for International Economic Cooperation, emphasized his country's interest in maintaining and augmenting economic relations with Yugoslavia, and this visit demonstrated to the delegation how our country's economic system functions.

7045
CSO: 2800

YUGOSLAVIA

CROATIA DISCUSSES ECONOMIC COOPERATION WITH CUBA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 4 Mar 80 p 6

[Article by Jasen Grubic: "Commodity Trade Is To Be Expanded Through New Forms]

[Text] The specific aspects of commodity trade between Croatia and Cuba were the principal topic of the talks just conducted during a visit to our country by Angel Gomez Trueba, chief of the Cuban delegation at the Second Meeting of the Yugoslav-Cuban Committee for Economic and Scientific-Technical Cooperation, and that country's ambassador Jose Eloj Valdes with their host Milan Rukavina Sain, president of the Croatian Economic Chamber, and a group of Croatian business executives.

Since our country is not importing sugar, attention will be turned to coffee, and there is great interest in our organizations of associated labor in purchases of citrus fruit, nickel, molasses and certain other products which the Cuban economy can offer.

On the Croatian side it is thought to be realistic to revive Jadranbrod's previous offer to build a dock in Cuba, several ships and small coastal vessels, tugboats in particular. Another current topic is carrying out the projects offered for a canned soup factory and a factory for processing citrus and other fruit which the OOUR [basic organization of associated labor] Astra of Masinoimpex once took all the way to the phase of signing the contract, since a line of credit had already been furnished.

Expanding exports to other tire manufacturers in the country, Autocentar-Merkur has in recent years carried on between $2 and $4.5 million worth of trade with Cuba, and in 6 months of this year it has contracted for a delivery worth $3 million, which is the amount expected under the contract for the second half of the year. It has also been established that the Cubans are interested in buying gasoline pumps included in the production program of Prvomajska-Meba, in trailers and semitrailers, in buses and trucks made by Autokaroserija of Zagreb and TAM of Maribor, in Munja and certain other storage batteries, in Tesla telephone switchboards, and so on.

It is obvious from all this, it was concluded in the talks, that conditions exist for development of economic cooperation between Yugoslavia, including Croatia, and Cuba and that it can be on long-term and stable foundations.

7045
CSO: 2800

FORECASTS OF TRENDS IN SERBIA THROUGH YEAR 2000 REVIEWED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1518, 10 Feb 80 pp 14-15

[Article by Svetislav Spasojevic: "Serbia in the Year 2000"]

[Text] The only disagreeable detail of the predictions of the way Serbia will look at the end of this century is that one out of every four of its inhabitants will not be around at that time. Everything else recorded in the voluminous book "Koncepcija dugorocnog razvoja SR Srbije do dvehiljadite godine" [Conception of the Socialist Republic of Serbia's Long-Range Development up to the Year 2000] is colored with optimism. It is a fact that this study, along with about 50 others accompanying it, was compiled in about 5 years by the most eminent specialists in all fields and we shall not single out as the only nor even by any means the most essential argument in favor of its being realistic. The first terse and official evaluation of this study runs: optimistic forecast on a realistic basis.

The Socialist Republic of Serbia will enter the 21st century with a per capita social product of about $5,350. This is approximately the level which France, Belgium and the Federal Republic of Germany had in 1975.... In Serbia proper and Vojvodina there will be no unemployed at that time, but this most highly desirable goal will be achieved in Kosovo only 5 or 6 years later. These few figures nearly contain the principal and most essential message of this exceptionally rich study, which among other things will serve as a guidepost for preparing the medium-term development plan covering the period 1981-1985 and certainly beyond that as well.

A Picture of Everyday Life

Any planning of the future is unrealistic unless it respects the present. Before we get into the details of the republic's long-range development, we must first say a few words about the time and place from which we make our start toward that great goal. In long-term definitions neither Yugoslavia nor consequently Serbia, in spite of the very rapid postwar development of the economy and other reduction of the difference by comparison with the industrially advanced countries, have moved out of the group of underdeveloped countries in Europe!

The level of a country's development is measured, among other things, by the share of the farm labor force in the total labor force. With respect to the share of the farm population in the total population only Kosovo is higher than Serbia proper! In Serbia, for instance, 36 out of every 100 inhabitants make their living in agriculture, and 40 out of every 100 members of the labor force work in agriculture. In France, for example, that share is 10 percent, in Denmark 8 percent, in Holland and Switzerland 6 percent....

Population growth of Yugoslavia as a whole and of the Socialist Republic of Serbia from 1980 to the year 2000 are as follows, in thousands of inhabitants: in 1980 21,913 and 9,116, respectively; in 1985 22,567 and 9,451; in 1990 23,099 and 9,752; in 1995 23,712 and 10,079; and the year 2000 24,348 and 10,430. The projected distribution of the republic's population among its three components is as follows: in 1980 5,589,000 in Serbia proper, 2,009,000 in Vojvodina and 1,518,000 in Kosovo; in 1985 5,743,000, 2,046,000 and 1,662,000, respectively; in 1990 6,037,000, 2,131,000 and 1,911,000; and in the year 2000 6,226,000, 2,189,000 and 2,006,100.

"... The dual character of the socioeconomic structure is stronger in Serbia than in the country as a whole, and the roots in the historical legacy are still strong. This is creating serious difficulties in modernizing the economy and in raising labor productivity," says Dusan Bjelogrlic, director of the Belgrade Economics Institute, where this study was prepared. "From the historical standpoint impressive results have been achieved in overcoming economic underdevelopment, but the many difficulties characteristic of countries at a moderate level of economic development have remained. Serbia proper has 34 percent of the country's unemployed, and their share in the total population is 25 percent.... In discussing future development we must not only keep them in mind, but also the rather complicated problems of the present situation in the economy. These problems are indicative of major disturbances and irregularities in the physical flows of the process of reproduction."

The portrayal of the present time, which takes quite a bit of space in the "Koncepcije dugorocnog razvoja ...," indicates, then, the results achieved, but it also serves as a reminder of the start from which the move is made toward entry into the 21st century. Mindful also of the external circumstances, which by all appearances will be far more difficult than in the time behind us, the study took as its point of departure the reliably established fact that the development of Serbia up to the end of this century should "be firmly based on its own conditions and capabilities and should be open wide to cooperation and formation of associations with other parts of the country."

First of all, then, here are several of the most important numerical data that make it easiest to see the picture of Serbia at the end of this century and the beginning of the next century.

Industrial production in the year 2000 will be fivefold greater than in 1977. The gross social product will amount to 1,050 billion dinars (or 100,000 dinars in per capita terms--as against about 32,000 in 1977). The farm population will represent only 14 percent of the republic's total population. The farm population is to decrease by 1.8 million. Agriculture, forestry and water management will account for 12.4 percent of the social product. Annual per capita consumption will be 230-260 liters of milk and 65-70 kilograms of meat. Bread consumption will be considerably reduced, and annual per capita consumption will be slightly more than 100 kilograms. The per capita social product (in 1977 it was $1,900) will be about $5,350. The average annual growth rate of employment would be 2.4 percent over the entire 20-year period. About 70,000 new jobs would be created up to 1985, and thereafter the increase would be slightly more than 50,000. If full employment is to be achieved, jobs will have to be found for 1.35 million people.

"The 'Koncepcija ...' assumes that Serbia, in view of its level of development and the objective historical circumstances which determine its position within Yugoslavia and within Europe, is compelled to rapidly change its socioeconomic structure over the next 2 decades. This is a condition for registering among the industrially advanced countries at the end of this century," Bjelogrlic emphasized. "What does that mean? The features of an industrially advanced country will be recognizable, above all, in the fact that full employment would be reached in Serbia proper and in Vojvodina, and about 85 percent of the work force would be in what are called the secondary and tertiary sectors. At the boundary between the two centuries this region should have a threefold larger social product, a per capita industrial output that is fourfold larger and a threefold higher social productivity and capital labor ratio than at present. It stands to reason that these changes will bring about a rise of the standard of living, a better position for the working people, and above all will essentially reduce the differences that now exist from region to region."

Two of the preconditions are essential to achievement of these changes. The first is that qualitative factors in economic growth must prevail, and the other is that advances of scientific-technical progress must be applied. This will raise labor productivity, and the contribution of scientific-technical progress will amount to 67 percent of the growth of the social product, or even 76 percent if the standard of living in general progress allow for a shorter workweek. The forecasters of the future, that is, feel that it is not unrealistic to expect that the workweek will be reduced to 35 hours from the present 42.

Similar targets, but with a somewhat higher relative level of development, will be achieved in the year 2000 in Vojvodina. The situation with Kosovo, in view of its markedly low level of development and specific demographic conditions, will be somewhat different. The pace of economic and social development in that province must be considerably higher so that the share of the farm population in the total population will drop from the present 40 percent to 18 percent.

[Box, p 15]

Food, Food, ...

It is easiest to see the picture of the present capabilities of the agriculture of Serbia from the datum that each farmworker is feeding five of his fellow citizens. This is the most reliable expression of the situation and of the capability of Serbia's agriculture (in some advanced countries a farmer is feeding at least another 50 persons besides himself and his family). At the end of the century a farmer in this republic will be producing food for 18 people, at the same time, of course, feeding himself and his family. Along with the necessary change in the structure of production, this is one of the most reliable yardsticks of measuring the changes which will take place in this sector of economic activity. Stress is being put on overcoming the present small size of holdings, as the principal characteristic, on enlarging the socialized farms, on erasing boundaries--the most important precondition for achieving the planned development of agriculture.

The Backbone of Development

A newspaper article is far too cramped a space for one to be able to say everything about a republic's 20-year development. We will therefore mention only some of the economic sectors which the planners believe will have a decisive role in Serbia's development.

It is logical that industry will be the backbone of development. Sharing the destiny of the rest of the world which has undergone industrial expansion, Serbia cannot behave differently--if, that is, one wishes to be an equal member of the world community. Those who have studied the republic's development have come to the conclusion "that expansion must be rapid and that emphasis must be put on qualitative features, measured by worldwide criteria." Finally, it is not beside the point to recall that our close neighbors Romania, Greece and Bulgaria will by all estimates enter the club of highly developed countries by the end of this century. Even from that standpoint Serbia must keep up with the general technical and economic course of events.

Serbia's production orientation in the years to come must, the planners feel, be above all toward energy, communications and water. These three sectors are the principal precondition for development of the entire economy. Even those who are less informed can guess what is involved here: roads are, of course, a country's circulatory system, and Serbia, which has barely begun to build them, faces a serious and expensive job to complete them in coming years. Recent floods are certainly the best reminder of how Serbia suffers from the uncontrolled ravages of water because rivers have not been regulated. As for energy, we will state only one detail: after the worldwide crisis caused by expensive petroleum Serbia has no other choice than to turn to its own coal and its own hydroelectric power. Finally, here it has an abundance.

In the year 2000 the share of the farm population in the total population will be 12.4 percent in Serbia proper, 13.5 percent in Vojvodina and 18.1 percent in Kosovo. At the end of this century the nonfarm work force will amount to 1,971,000 in Serbia proper, 642,000 in Vojvodina and 510,000 in Kosovo. In order to grasp the nature of these figures, we should realize that 5 years ago the nonfarm work force of Serbia was 1,712,000, and in just a quarter of a century that figure is to climb to 3,123,000.

Two decades are not such a long time, but the changes in them will be great. On the road toward development as part of self-managed Yugoslavia Serbia will be experiencing many transformations: from industry, employment, population, agriculture to the fact that we will be confronted, for instance, even by a shortage of manpower, which at the present moment seems like a pipedream. But everything is possible, new people are coming along. One out of four of us living today is already of an age that he is not certain to witness the turn of the century.

7045
CSO: 2800

ELECTRIC POWER NETWORK LINKS TO EUROPEAN SYSTEMS

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 31 Dec 79 pp 34-35

[Text] Several Yugoslav institutes are working together on a study about the longterm development of the electric industry by the end of this century and by the year 2025. This comprehensive study, which is nearing completion, should establish the concept of Yugoslav electric energy development, taking into account the current status of energy both in the country and in the world. The study is to contain answers to such questions as the degree to which electrical energy development is to be based on domestic energy sources, when and how nuclear power plants are to be included, joint construction of power plants with great capacity at locations that possess natural resources for the general Yugoslav electrical energy system, or the use of such sites by republics and provinces as their responsibility, as well as a series of other questions.

Forecasts indicate that consumption of electrical energy will continue to grow very intensively. In the period 1960-1980, consumption of current grew by 8 times, in the next 20 years, experts estimate, it will quadruple. That means that from about 55 billion KWH this year, consumption in 1990 will grow to 124 billion KWH, and in the year 2000 it will reach 230 billion KWH. The planned consumption for 1980 is about 62 billion KWH.

As a part of the study on longterm development of electric energy, ordered by the Yugoslav Electric Energy Consortium, there has already been prepared and recently presented at the specialist council a regular study entitled "The Energy and Economic Justification of the Yugoslav Electrical Energy System's Concurrent Operations With Two Large European Electrical Energy Power Networks." This study was prepared by the Milan Vidmar Institute of Ljubljana, and members of the specialist council of the Yugoslav Electric Energy Consortium (which council contains the most important electrical energy specialists of the entire country) accepted the proposed solutions.

Benefits From Operational Links

Through the impacts of historical, political and other circumstances, there are two major electrical energy systems that have formed in Europe. One is formed by the countries of Western Europe, from Scandinavia to Spain and Portugal, and from Great Britain to Italy and Austria, while the other contains the COMECON countries. Although by structure, method of operations and the obligations of national electric economies, the two networks vary, each one of them has at its disposal about 200,000 megawatts of installed capacity in electric power plants and a powerful network of power grids, so that the basic reasons for operational links and joint assistance are similar. Technical and technological features of production and consumption of electrical energy will, to be specific, facilitate significant economic savings, particularly after the construction of large individual power plants and a high tension distant power grid, in a broad technical system of electrical power operations for which national and state borders are restrictive.

The benefits from operational links for the electric power system on an international level into great power networks can be quantified by economic savings that are markedly higher than the expenses necessary for establishing the links. They consist primarily of the possibility for reducing total installed electric power capacity, which means reduced investments in individual national electric power industries while at the same time the equivalent or even greater amounts of power are assured for the consumers, for in the case of breakdowns or damage to plants mutual assistnace will make it unnecessary to build large reserve capacities. Exchange of seasonal or daily energy surpluses, or providing for shortages, will facilitate better utilization of available capacities, and more economical production, while the possibility of building thermal and nuclear power plants of great capacity means a reduction of investment costs per unit produced and lesser fuel consumption. With the involvement of the United Nations, efforts are even being made to link these two great systems, although so far these attempts have not been successful. The geographic position of Yugoslavia provides an opportunity to achieve such a link, via the Yugoslav electrical energy system.

Of Yugoslavia's seven neighbors, three are included in the COMECON electrical energy system (Bulgaria, Rumania and Hungary), and another three are in the Western European "UCPTE" system (Austria, Italy and recently, Greece through the Yugoslav power network). At present Albania is not connected to the major European electrical energy networks. By a decision of the Yugoslav Electrical Energy Consortium of 1974, the Yugoslav electrical energy system is engaged in so-called temporary parallel operations with the Western European UCPTE system. To make possible the operational link with the UCPTE system, long-distance lines at 220 KW current were built as links to Italy and Austria and thus the southern high-tension finger of the power grid was created to link three countries, and through the connections to Italy and Austria the system is linked with other UCPTE members into a great electrical energy system.

Interest for Operations in Both Systems

Currently a 400 KW power line is being built as a connecton to Italy, and within a few years a line of the same kilowatt potential is planned as a link with Austria. The erection of the basic 400 KW network in Yugoslavia will make possible the establishment of high-tension links with the third UCPTE member of Yugoslavia's neighbors, Greece. The five-year experience of parallel operations between the Yugoslav electrical energy system and the major European UCPTE system has shown itself to be beneficial and it should be continued as a lasting form of cooperation.

Yugoslavia also has two long-range 400 KW connections with the major electrical energy system of the COMECON countries: with Bulgaria via the Sofia-Nis high-tension line, and with Rumania through the Djerdap power plant. Such a connection with Hungary is planned via the connection at Subotica. Analysis of the electrical energy situations in the two major European power networks and in the Yugoslav electrical energy system, which with its installed capacity of 14,000 megawatts cannot conduct simultaneous operations with both major power networks, shows that Yugoslavia does have a longterm interest in operations within both of these systems.

Although the study of the longterm development of the Yugoslav electrical energy economy is not complete, it is known that the basic directions for development will hold to the present features. First of all, that means reliance on domestic energy potential, or utilization of coal deposits and hydroelectric potential. The concentration of mineral wealth in three large deposits, at Kosovo, Kolubara and Tuzla, facilitates the construction of thermal power plants of great individual capacity, while the insufficiently utilized water power allows the creation of a system of hydroelectric plants on particular flows.

In the electric power plants so far constructed, half of the production is provided by thermal energy, and the other half by hydroelectric capacities; in comparison with Yugoslavia's neighbors and the major European power networks this is a great advantage, because they obtain about 80 percent of their energy from thermal power plants. The hydrological characteristics of the Yugoslav lands make possible great seasonal production of hydroelectric energy, in the fall and spring, when there are surpluses. The inclusion of the Yugoslav electrical energy system into the major European power networks would make it possible to use these seasonal surpluses by delivering them to partners (where fuel could be saved), while at the same time assuring that power shortages would be covered during the dry seasons, without investing in reserve thermal electrical capacities. In addition, there are variations in the daily flows of energy between Yugoslavia and its neighboring countries, as the peak usage in Yugoslavia is in the evening, while in most European countries it occurs before noon; this also provides an opportunity for the development of cooperation and mutual assistance.

The energy characteristics of the Yugoslavia electrical energy system and the two major European power networks, according to the findings of the study, point to the conclusion regarding the interest of Yugoslavia for operations in both of these major European electrical energy systems. Since, however, it is technically impossible to carry on simultaneous parallel operations with both systems at the same time (since both sides have installed capacity of 200,000 MW and Yugoslavia has but 14,000 MW) it is proposed that Yugoslavia operate in synchronized paralled work with the UCPTE system and with the COMECON system, it operate in so-called asynchronic operations. This sort of proposal would contribute to the status in the two European power networks (in terms of available energy, power and frequency). Practically, that means that the Yugoslav electrical energy system would be included directly in parallel operations with the UCPTE system, while exchange of energy with the COMECON system would be carried out through special power transmitters (toward Bulgaria and Hungary), or by transferring machines on the Djerdap sector toward Rumania, in accordance with previously concluded agreements with these countries.

12131
CSO: 2800

STATUS, OUTLOOK FOR COPPER INDUSTRY

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 21 Jan 80 pp 26-27

[Excerpts] The Executive Council of the Jugobakar commercial community, which brings together all producers and significant processers of copper, at its last meeting defined the policy for longterm development of the production and processing of copper in Yugoslavia until 2000. The document, which in a few days will be considered by the assembly of the commerical community as the highest self-management body, is actually a draft that will be discussed in detail in the associated organizations, and by mid-year it will be adopted as a joint determination of future development.

From Losses to Optimism

The degree to which the copper industry needs higher quality and more realistic developmental plans can be illustrated by the implementation of the current intermediate plan. The plan foresaw that copper production would increase at an annual rate of 6 percent, while actually not even 3 percent annual growth will be achieved. From 137,000 tons of electrolytic copper, the amount produced in 1975, production was to grow by this year to 185,000 tons. It is, however, uncertain whether 160,000 tons of copper will be produced this year, for domestic mines are behind the plan by about 30,000 tons of metal, and imports of copper-bearing ores have not been assured, nor do they pay off under the present circumstances.

It was planned that the mines at Bor and Majdanpek would be reconstructed, modernized and equipped for greater production, while the mine at Veliki Krivelj was to open and begin producing its first ore, and the mine at Bucim was to make its first deliveries last year. For increases in the production of ore and metal alone, more than 7 billion dinars were to be invested during the 5 years. Due to the lack of resources--only about 2 billion dinars were invested--increased production from the Bor and Majdanpek mines can be expected in a year or two, Veliki Krivelj will start production at the end of next year, and this year the Bucim mine will be in test production. Consequently, this year instead of the planned 140,000 tons of copper, domestic ores will provide for about 110,000 tons. At the same time, that means that it will be necessary to import about 50,000 tons of copper, either as raw material or as metal, in order to provide the necessary quantities for processing needs.

The needs of processers are actually markedly greater, although the planned capacities for the current intermediate period have not been completed in all areas of processing. For example, the cable and conductor industry has achieved an annual growth rate of 6 percent, instead of the planned 11 percent, while the copper and alloy processing group has attained 4 percent instead of the planned 12 percent. On the other hand, the metals processing group has surpassed its plan by achieving a growth rate of 15 percent instead of the planned 12 percent. As a whole, as a result of the lags in ore and metallurgical production, the disproportion between the production of metal and the needs of processers has increased, while the plan called for its reduction. The needs indicated for processers this year amount to about 175,000 tons, while analyses of the optimal utilization of processing capacities show that it would be possible to process a total of 240,000 tons of copper. Here it should be kept in mind that the total needs of processers are not expressed only in so-called primary electrolytic copper, i.e., one part of the needs of processers can be covered with secondary metal, by the use of scrap.

The Causes for Lagging

Already at the time when the current intermediate plan was being prepared, there was the opinion that there were not very good possibilities for continued development of ore and metallurgical production of copper, that the time of rich copper deposits and significant increases in the production of the metal had passed. This attitude contributed to the creation of an atmosphere in and around the copper industry that the adoption of the plan failed to change. Regardless of the way various persons expressed and implemented their opinions, the essence is in a realistic estimate of the quantities and quality of domestic ore deposits, and in the economic conditions for the development of copper production.

Now, near the end of the implementation of the current intermediate plan, it is not only a matter of lags in domestic production of metal and delays in the reconstruction of present facilities and the opening of new mines, bringing the need for greater imports of raw materials for the processing industry. It is probably even more important that copper production for 2 years has already been experiencing losses, that the organizations of associated labor are overly in debt, and that the capital accumulation and reproductive capabilities of the copper producers has declined. The best witness to the situation at the Bor and Majdanpek mines comes from the recent measures of the Serbian Executive Council by which the mines were exempted from taxes on income and personal income, and it was proposed that they be exempted from tax on the heavy oil that they consume in these mines. Other measures included compensation for roads, for fuel for the mines' mechanization, lower prices for electrical energy, reduced duty for imported equipment, etc.

For a more comprehensive evaluation of the copper industry, it is necessary at least to mention the basic causes for the lags and the worsening of the industry's economic position. After Poland, Yugoslavia is the largest producer of copper in Europe, with a 1.70 percent share in the world copper market. The capacities of processing industry are also among the strongest of European countries. The largest part of production is marketed on foreign markets in strong international competition. It follows that there is a reaction to trends in world markets that is felt in the situation of the domestic copper industry. It is well known that for 3-4 years there has been an unfavorable situation in the markets for copper and processed copper products, as a result of recession in the developed countries, that are the principal consumers of these products. It is also well known that the commodity market price for the metal during that period has been below average production costs, often as a result of noneconomic factors.

With unfavorable marketing conditions and low prices for the metal, it has been hard to maintain the production levels that were attained, to say nothing about increasing production. This is the more so since domestically, in the social agreement on copper prices, the status in the metal commodity market was largely covered up. Commodity market prices for the metal, which form the basis for determining domestic prices, were set by domestic producers in the period of favorable market relations or during wide fluctuations in convertible currency. In essence, however, specialists assert that the commodity market prices reflect the conditions and expenses for producing the metal in the richest mines, while copper is sold under different conditions by other producers. Since Yugoslav producers are not among the richest (in ore content) among world mines, and a worsening of natural conditions for exploiting the ore brings increased costs of production, the result is obvious. To prevent alarm, however, it should be pointed out that in domestic mines the metal content of the ore being mined has fallen from 0.75 percent in 1974 to 0.69 percent last year, with the ore being dug from deeper layers and being transported ever greater distances (5 years ago it was necessary to dig 411 tons of rock to net a tone of copper; last year that figure was 620 tons). Similar figures apply, however, to mines throughout the world, so that domestic producers are neither among those in the most favorable position nor among those in the least favorable, and they seek nothing other than economic conditions of production.

In the mines it is asserted that it is impossible to maintain profitable production with the world prices for metal and domestic production conditions. Specifically, in the past 5 years copper prices have increased by 21 percent, while at the same time the prices for electrical energy, explosives, steel, heavy oil and other materials, which comprise 90 percent of the material costs of production, have grown by 152 percent. If we add to that the fact that there has been domestic inflation and the obligation from income has risen by 70 percent, along with obligatory loans and association of resources that the mines must contribute to, then we get a more comprehensive picture of the economic situation related to copper production. For all of these reasons, the exports of the copper industry are increasingly a burden for the producers, so that many are seeking solutions in increased deliveries to domestic markets (domestic demand, particularly of an investment nature, makes this possible in part).

What Next?

The conclucions of all the studies and analyses relating to trends in production and consumption of copper in the world unanimously agree in the estimation that by the end of this century intensive development will be essential, although the development will be at a somewhat slower rate than during the preceding periods. It is estimated that the natural conditions for the production of copper will worsen (with poorer ores, greater depths of deposits, and longer transportation distances), and thus the costs of production will rise (for there is little hope that technical and technological development will compensate for the deterioration of conditions). Nevertheless, consumption will rise, and the uses of copper will broaden in scope (including worldwide investigations and exploration, rocket techniques, etc.), even though in certain areas there will be substitutions of other materials for copper. The estimate is that consumption of primary copper in the world will grow from last year's 8 million tons to 17.8 million tons, while total copper consumption will increase from 12.3 to more than 26 million tons.

Domestic analyses of known and potential reserves of copper suggest the conclusion that the copper industry has great chances for development. Domestic production from domestic raw materials could be increased from this year's 110,000 tons to 150,000 tons in 1985, and as high as 220,000 tons by the end of the century. In this it is stressed that all the preconditions, and chiefly the economic motives, are present for such development. In other words, it is not a matter of developing domestic production at any cost, without relationship to world conditions and consideration of the possibilities of placement of products in world markets.

12131
CSO: 2800 END

SELECTIVE LIST OF JPRS SERIAL REPORTS

EASTERN EUROPE SERIAL REPORTS

EAST EUROPE REPORT: Economic and Industrial Affairs
EAST EUROPE REPORT: Political, Sociological and Military Affairs
EAST EUROPE REPORT: Scientific Affairs

WORLDWIDE SERIAL REPORTS

WORLDWIDE REPORT: Environmental Quality
WORLDWIDE REPORT: Epidemiology
WORLDWIDE REPORT: Law of the Sea
WORLDWIDE REPORT: Nuclear Development and Proliferation
WORLDWIDE REPORT: Telecommunications Policy, Research and Development

END OF FICHE
DATE FILMED

21 April 1980

D.D.